FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2001.**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number:1-11311

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, Southfield, MI	**48086-5008**
(Address of principal executive offices)	*(zip code)*

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✔ No _

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K _

As of March 1, 2002, the aggregate market value of the registrant's Common Stock, par value $.01 per share, held by non-affiliates of the registrant was $2,967,092,254. The closing price of the Common Stock on March 1, 2002 as reported on the New York Stock Exchange was $46.29 per share.

As of March 1, 2002, the number of shares outstanding of the registrant's Common Stock was 64,428,487 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 9, 2002, as described in the Cross-Reference Sheet and a Table of Contents included herewith, are incorporated by reference into Part III of this Report.

CROSS REFERENCE SHEET
AND
TABLE OF CONTENTS

(1) Certain information is incorporated by reference, as indicated below, from the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 9, 2002 (the "Proxy Statement").

(2) A portion of the information required is incorporated by reference from the Proxy Statement sections entitled "Election of Directors" and "Directors and Beneficial Ownership."

(3) Proxy Statement section entitled "Executive Compensation."

(4) Proxy Statement section entitled "Directors and Beneficial Ownership — Security Ownership of Certain Beneficial Owners and Management."

(5) Proxy Statement section entitled "Certain Transactions."

PART I

ITEM 1 — BUSINESS

In this Report, when we use the terms the "Company," "Lear," "we," "us" and "our," unless otherwise indicated or the context otherwise requires, we are referring to Lear Corporation and its consolidated subsidiaries. A substantial portion of the Company's operations are conducted through wholly-owned subsidiaries of Lear Corporation. Certain disclosures included in this Report constitute forward-looking statements that are subject to risk and uncertainty. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements" and "— Risk Factors."

BUSINESS OF THE COMPANY

General

We are the fifth largest automotive supplier in the world. We have grown substantially over the last five years as a result of both internal growth and acquisitions. Our sales have grown from $6.2 billion in 1996 to $13.6 billion in 2001, a compound annual growth rate of 17%. We supply every major automotive manufacturer in the world, including General Motors, Ford, DaimlerChrysler, BMW, Fiat, Volkswagen, Peugeot, Renault, Toyota and Subaru.

We have established in-house capabilities in all five principal segments of the automotive interior market: seat systems; flooring and acoustic systems; door panels; instrument panels; and headliners. We are also one of the leading global suppliers of automotive electronic and electrical distribution systems. As a result of these capabilities, we can offer our customers fully-integrated modules, as well as design, engineering and project management support for the entire automotive interior, including electronics and electrical distribution systems.

We are focused on delivering high-quality automotive interior systems and components to our customers on a global basis. Due to the opportunity for substantial cost savings and improved product quality and consistency, automotive manufacturers have increasingly required their suppliers to manufacture automotive interior systems and components in multiple geographic markets. In recent years, we have followed our customers and expanded our operations significantly in Europe, South America, South Africa and the Asia/Pacific Rim region. As a result of our efforts to expand our worldwide operations, our sales outside the United States and Canada have grown from $2.2 billion in 1996 to $5.7 billion in 2001. In particular, our sales in Europe have grown from $1.6 billion in 1996 to $4.3 billion in 2001.

Strategy

Our principal objectives are to expand our position as a leading global supplier of automotive interior systems and to continue to capitalize on integration opportunities resulting from our electrical distribution system capabilities. We intend to build on our full-service capabilities, strong customer relationships and worldwide presence to increase our share of the global automotive interior market. To this end, our strategy is to continue to capitalize on four significant trends in the automotive industry:

- the increasing emphasis on the automotive interior by automotive manufacturers as they seek to improve customer satisfaction and differentiate their vehicles in the marketplace;
- the increasing demand for fully-integrated modular assemblies, such as cockpits, overhead and door panel modules;
- the increasing consumer demand for added interior functionality to enhance and enable passenger convenience, on-board communication and safety; and
- the consolidation and globalization of the supply base of automotive manufacturers.

The automotive manufacturers' strategy is rooted in competitive pressures to improve quality and functionality at a lower cost and to reduce time to market, capital needs, labor costs, overhead and inventory. These trends have resulted in automotive manufacturers outsourcing complete modules of the interior as well as complete automotive interiors. Recently, we have received a number of business awards to design, engineer, manufacture, deliver and, in some cases, install complete interior modules as well as complete automotive interiors. We believe that the criteria for selection of automotive interior suppliers is not only cost, quality and responsiveness but increasingly includes worldwide presence and certain full-service capabilities.

Elements of our strategy include:

- Enhance Strong Relationships with our Customers. We have developed strong relationships with our customers which allow us to identify business opportunities and anticipate customer needs in the early stages of vehicle design. We believe that working closely with our customers in the early stages of designing and engineering vehicle interior systems gives us a competitive advantage in securing new business. We work to maintain an excellent reputation with our customers for timely delivery and customer service and

for providing world-class quality at competitive prices. In recognition of our efforts, many of our facilities have won awards from the automotive manufacturers.

• Capitalize on Module and Integration Opportunities. We believe that the same competitive pressures that led automotive manufacturers to outsource the individual interior components to independent suppliers will cause our customers to demand delivery of fully-integrated modules for new vehicle models. As automotive manufacturers continue to seek ways to improve quality and reduce costs, we believe customers will increasingly look to independent suppliers to:

- supply fully-integrated modules of the automotive interior; and
- act as systems integrators, by managing the design, purchase and supply of the total automotive interior.

• Leverage Electronic Capabilities. Because electronic and electrical distribution systems and products are an increasingly important part of automotive interior systems, we have a competitive advantage in securing new business and taking advantage of integration opportunities as a result of our capabilities in this area.

• Continue Global Expansion. Global expansion will continue to be an important element of our growth strategy. In 2001, approximately two-thirds of the global automotive interior production took place outside of North America. Our primary North American customers have made substantial investments in a number of international automakers, including General Motors' acquisitions of or investments in Fiat, Saab, Daewoo Motor, Suzuki Motor and Isuzu Motor; Ford's acquisitions of or investments in Jaguar, Volvo, Aston Martin, Land Rover and Mazda; and DaimlerChrysler's investments in Mitsubishi Motors and Hyundai Motor. Furthermore, in recent years, automotive manufacturers in Europe have outsourced to a greater number of automotive suppliers than automotive manufacturers in North America. As a result, we have excellent opportunities for continued growth through the industry's global consolidation as automotive manufacturers reduce their supply bases to a leaner group of qualified suppliers with whom they do business. Markets such as South America and the Asia/Pacific Rim region also present long-term growth opportunities as demand for automotive vehicles increases and automotive manufacturers expand production in these markets. As a result of our strong customer relationships, worldwide presence and full-service capabilities, we are well-positioned to continue to grow with our customers as they expand their operations and consolidate their supplier base.

• Increase Use of "Just-in-Time" Facility Network. We have established facilities that allow our customers to receive automotive interior products on a just-in-time basis. The just-in-time manufacturing process minimizes inventories and fixed costs for both us and our customers and enables us to deliver products on as little as ninety minutes notice. Most of our just-in-time manufacturing facilities are dedicated to individual customers. In many cases, by carefully managing floor space and overall efficiency, we can move the final assembly and sequencing of other automotive interior systems and components from centrally-located facilities to our existing just-in-time facilities. Combining our just-in-time manufacturing techniques with our systems integration capabilities provides us with an important competitive advantage in delivering total automotive interior systems to automotive manufacturers.

• Maintain Flexible Cost Structure. We have one of the highest variable cost structures in the automotive supplier industry. By maintaining low fixed costs, we are better able to withstand fluctuations in industry demand as well as changing competitive and macroeconomic conditions. Our variable cost component is maintained, in part, through ongoing Six Sigma implementation throughout the organization, initiatives to promote and enhance the sharing of technology, engineering, purchasing and capital investment across customer platforms as well as restructuring initiatives to align our capacity with changing market conditions.

• Invest in Product Technology and Design Capability. We will continue to make significant investments in technology and design capability to support our products. We maintain five advanced technology centers and several customer-focused product engineering centers where we design and develop new products and conduct extensive product testing. We also have state-of-the-art acoustics testing and instrumentation and data analysis capabilities.

We believe that in order to effectively develop total automotive interior systems, it is necessary to integrate the research, design, development, styling and validation of all of the automotive interior systems. Our advanced technology center provides us the ability to integrate engineering, research, development and validation capabilities for all five automotive interior systems at one location. Our investments in research and development are consumer driven and customer focused. We conduct extensive analysis and testing of consumer responses to automotive interior styling and innovations. Because automotive manufacturers increasingly view the vehicle interior as a major selling point to their customers, the focus of our research and development efforts is to identify new interior features that make vehicles safer, more comfortable and more attractive to consumers.

Products

We conduct our business in three product operating segments: seating; interior; and electronic and electrical. The seating segment includes seat systems and components thereof. The interior segment includes flooring and acoustic systems, door panels, instrument panels, headliners and other interior products. The electronic and electrical segment includes electronic and electrical distribution systems, primarily wire harnesses, interior control systems and wireless systems. Net sales for the year ended December 31, 2001 were comprised of the following: 68% seating; 18% interior and 14% electronic and electrical.

• Seating. The seating business consists of the manufacture, assembly and supply of vehicle seating requirements. Seat systems typically represent approximately 30% to 40% of the cost of the total automotive interior. We produce seat systems for automobiles and light trucks that are fully finished and ready for installation. Seat systems are fully-assembled seats, designed to achieve maximum passenger comfort by adding a wide range of manual and power features such as lumbar supports, cushion and back bolsters and leg and thigh supports.

As a result of our product technology and product design strengths, we are a leader in incorporating convenience features and safety improvements into seat designs as well as in developing methods to reduce our customers' costs throughout the automotive interior. For example, our Self-Aligning Head Restraint is an advancement in front seat passive safety. By reducing the space between the occupant's head and the headrest in a rear impact situation through use of a headrest system that "moves" with the occupant, the difference between the rearward movement of the head and the shoulder area can be shortened, potentially reducing the risk of injury. In addition, we manufacture an integrated restraint seat system that increases occupant comfort and convenience. Exclusive to Lear, this patented seating concept uses an ultra high-strength steel tower and a split-frame design to improve occupant comfort and convenience. Finally, in the event of a crash, our Advanced Protection and Extrication System provides improved head protection as well as enhanced driver safety during the extrication and transport of an injured driver.

• Interior. We have an extensive and comprehensive portfolio of SonoTec™ acoustic products, including flooring systems and dash insulators. Carpet flooring systems, used predominantly in passenger cars and trucks, generally consist of tufted carpet with a thermoplastic backcoating which, when heated, allows the carpet to be fitted precisely to the interior of the vehicle. Additional insulation materials are added to provide noise, vibration and harshness resistance. Wire harnesses are also included in the flooring system, allowing electronic modules located under the seats to be wired inexpensively. Vinyl flooring systems, used primarily in commercial and fleet vehicles, offer improved wear and maintenance characteristics. The dash insulator separates the passenger compartment from the engine compartment and is the primary component for preventing engine noise and heat from entering the passenger compartment.

Door panels consist of several component parts which are attached to a substrate by various methods. Specific components include vinyl or cloth-covered appliqués, armrests, radio speaker grilles, map pocket compartments, carpet and sound-reducing insulation. In addition, door panels often incorporate electronic and electrical distribution systems and products, including switches and wire harnesses for the control of power seats, windows, mirrors and door locks. Lear's Flip Pack™ switch combines seat and door controls into one assembly located on the door panel.

The instrument panel is a complex system of coverings, foams, plastics and metals designed to house various components and act as a safety device for the vehicle occupants. Specific components of the cockpit include the gauge cluster, the heating, ventilation and air conditioning module, air distribution ducts, air vents, cross car structure, glove compartment assemblies, electronic and electrical components, wiring harness, radio system and driver and passenger safety systems. One trend in the instrument panel segment relates to safety issues in air bag technologies. Through our research and development efforts, we intend to introduce cost-effective, integrated, seamless airbag covers which increase occupant safety. Future trends in the instrument panel segment will continue to focus on safety with the introduction of innovations such as knee restraints and energy-absorbing substructures.

Headliners consist of a substrate as well as a finished interior layer made of a variety of fabrics and materials. While headliners are an important contributor to interior aesthetics, they also provide insulation from road noise and can serve as carriers for a variety of other components, such as visors, overhead consoles, grab handles, coat hooks, electrical wiring, speakers, lighting and other electronic/electrical products. As electronic and electrical content available in vehicles has increased, headliners have emerged as an important carrier of technology since electronic features ranging from garage door openers to lighting systems are often optimally situated in the headliner system.

- Electronic and Electrical. The electronic and electrical products are grouped into three categories:

• Interior Control Systems. The instrument panel center console control provides a control panel for the entertainment system, accessory switch functions, heating, ventilation and air conditioning. The multifunction turn signal control consolidates various combinations of hazard lights, headlamps, parking lamps, fog lamps, wiper and washer, cruise control, high/low headlamp beams and turn signal functions. The integrated seat adjuster module combines seat adjustment, power lumbar support, memory function and heated seat into one package. Integrated door controls consolidate the controls for window lift, door lock, power mirror and heated seat. The integrated door and seat control flip panel system performs all power door and power seat functions from two stacked panels.

• Wireless Systems. The dual range/dual function remote keyless entry (RKE) system allows a single RKE transmitter button to perform multiple functions depending upon the operator's distance from the vehicle. The remote keyless entry and immobilizer module combines the features of a remote keyless entry receiver and the immobilizer key reader into a single

module. Custom key fobs use decorative molding technology to offer a wide variety of options in fob design patterns and colors including textures, logos, text and translucent and glow-in-the-dark colors. The passive entry system allows the vehicle operator to unlock the door without using a key or physically activating the RKE fob. The passive entry technology is imbedded in the fob so that a separate device is not required.

• Electronic and Electrical Distribution Systems. Wire harness assemblies are a collection of terminals, connectors and wire that connect all the various electronic/electrical devices in the vehicle to each other and/or to a power source. Terminals and connectors are components of wire harnesses and other electronic/electrical devices that serve as a connection method between wire harnesses and electronic/electrical devices. Fuse boxes are centrally located boxes in the vehicle that contain fuses and/or relays for circuit and device protection as well as power distribution. Junction boxes serve as a connection point for multiple wire harnesses. They may also contain fuses and relays for circuit and device protection.

The migration from electrical distribution systems to electronic and electrical distribution systems will facilitate the integration of wiring, electronics and switch / control products within the overall electrical architecture of a vehicle. Intertronics™, our unique ability to integrate electronic and electrical products into vehicle interior systems, is already having an impact. Our integrated seat adjuster module has two dozen fewer cut circuits and five fewer connectors, weighs a half of a pound less and costs 20% less than a traditional seat wiring system. Further, this migration can be seen in a number of new and next generation products. For example, our smart junction box combines traditional junction box function with electronic capabilities by incorporating electronic control functions traditionally located elsewhere in the vehicle.

In April 2001, we signed a Memorandum of Understanding with BERU Group of Ludwigsburg, Germany, a leading European sensor manufacturer, to jointly design and develop Tire Pressure Monitoring Systems (TPMS). TPMS will be required on all light vehicles sold in the U.S. by 2007, with phase-in requirements beginning in 2004. We are currently developing TPMS which combines our leading radio frequency electronics capabilities with BERU's sensor based technologies.

Manufacturing

A description of the manufacturing processes for each of our operating segments is set forth below.

• Seating. Our seating facilities use just-in-time manufacturing techniques, and products are delivered to the automotive manufacturers on a just-in-time basis. Our seating facilities utilize a variety of methods whereby fabric is affixed to an underlying seat frame. Raw materials, including steel, aluminum and foam chemicals, used in our seat systems are obtained from several producers under various supply arrangements. These materials are readily available. Leather, fabric and certain purchased components are generally purchased from various suppliers under contractual arrangements usually lasting no longer than one year. Some of the purchased components are obtained from our customers.

• Interior. The combined pressures of cost reduction and fuel economy enhancement have caused automotive manufacturers to concentrate their efforts on developing and employing lower-cost, lighter materials. As a result, plastic content in cars and light trucks has grown significantly. Increasingly, automotive content requires large plastic injection-molded assemblies for both the interior and exterior. Plastics are now commonly used in such nonstructural components as interior and exterior trim, door panels, instrument panels, grills, bumpers, duct systems, taillights and fluid reservoirs. We are continuing to develop recycling methods in an effort to meet current and future environmental conditions and requirements as well as to reduce costs.

Our interior trim systems process capabilities include injection molding, low-pressure injection molding, rotational molding, compression molding, urethane foaming and vacuum forming as well as various trimming and finishing methods. The principal purchased components for interior trim systems are polyethylene and polypropylene resins, which are generally purchased under long-term agreements and are available from multiple suppliers.

In addition, we produce carpet at our plant in Carlisle, Pennsylvania. Smaller facilities are dedicated to specific groups of customers and are strategically located near their production facilities.

• Electronic and Electrical. Electrical distribution systems are networks of wiring and associated control devices that route electrical power and signals throughout the vehicle. Wire harness assemblies consist of raw, coiled wire which is automatically cut to length and terminated. Individual circuits are assembled together on a jig or table, inserted into connectors and wrapped or taped to form wire harness assemblies. Cell-based manufacturing techniques are applied to manufacture products on a just-in-time basis. Materials are purchased, with the exception of a portion of the connectors that are produced internally. The assembly process is labor intensive, and as a result, production is performed in low labor rate sites in Mexico, the Philippines, Europe and North Africa.

Some of the principal components attached to the wiring harness assemblies that we manufacture include junction boxes, electronic control modules and switches. Junction boxes are manufactured in North America and Europe with a proprietary, capital intensive

assembly process utilizing printed circuit boards, purchased from selected suppliers. Electronic control modules are assembled using high-speed surface mount placement equipment in North America and Europe. Switches are assembled from electrical, mechanical and decorated plastic parts purchased in the United States, Mexico and Europe using a combination of manual and automated assembly and test methods.

Customers
We serve the worldwide automotive and light truck market, which produces over 55 million vehicles annually. We have automotive interior content on over 300 vehicle nameplates worldwide, and our automotive manufacturer customers currently include:

- BMW
- Daewoo
- DaimlerChrysler
- Fiat
- Ford
- Gaz
- General Motors
- Honda
- Hyundai
- Isuzu
- Jaguar
- Mahindra & Mahindra
- Mazda
- Mitsubishi
- Nissan
- Peugeot
- Porsche
- Renault
- Saab
- Subaru
- Suzuki
- Toyota
- Volkswagen
- Volvo

During the year ended December 31, 2001, General Motors and Ford, the two largest automotive and light truck manufacturers in the world, including their affiliates, accounted for approximately 33% and 27%, respectively, of our net sales. For additional information regarding customers and domestic and foreign sales and operations, see Note 13, “Segment Reporting,” to the consolidated financial statements included in this Report.

We receive blanket purchase orders from our customers that normally cover annual requirements for products to be supplied for a particular vehicle model. Such supply relationships typically extend over the life of the model, with terms up to ten years, and do not require the customer to purchase a minimum number of products. Although purchase orders may be terminated at any time, such terminations are rare and have not had a material impact on our results of operations. Our primary risk is that an automotive manufacturer will produce fewer units of a model than anticipated. In order to reduce our reliance on any one model, we produce automotive interior systems and components for a broad cross-section of both new and more established models. Our sales for the year ended December 31, 2001 were comprised of the following vehicle categories: 45% light truck; 25% mid-size; 12% luxury/sport; 15% compact; and 3% full-size.

Our contracts with our major customers generally provide for an annual productivity price reduction and provide for the recovery of increases in material and labor costs in some instances. Historically, cost reductions through product design changes, increased productivity and similar programs with our suppliers have generally offset changes in selling prices, although no assurances can be given that we will be able to achieve such cost reductions in the future. Our cost structure is comprised of a high percentage of variable costs. This structure provides us with additional flexibility during various economic cycles.

Technology
Advanced technology development is conducted at our advanced technology center in Southfield, Michigan, under the group name “VisionWorks,” and at several worldwide product engineering centers. At these centers, we engineer our products to comply with applicable safety standards, meet quality and durability standards, respond to environmental conditions and conform to customer requirements.

We also have state-of-the-art acoustics testing and instrumentation and data analysis capabilities. We own one of the few proprietary-design acoustical testing chambers with an integrated four-wheel dynamometer capable of precision acoustics testing of front, rear and four-wheel drive vehicles. Together with our custom-designed reverberation room, computer-controlled data acquisition and analysis capabilities provide precisely controlled laboratory testing conditions for sophisticated interior and exterior noise, vibration and harshness testing of parts, materials and systems, including powertrain, exhaust and suspension components.

We have developed a number of designs for innovative interior features which we have patented, all focused on increasing value to the customer. Examples include our proprietary “Common Architecture Strategy,” allowing freedom of choice and configuration of interior components at mass production prices, the TransG™ aging baby-boomer vehicle interior, the OASys™ overhead audio system, the Revolution Seating™ system and the One-Step™ door and One-Step™ liftgate modules. In 2000, we introduced Intertronics™, a capability that shows tremendous potential to integrate electronic products with vehicle interior systems. Intertronics products and technologies are grouped into three categories: Interior Control Systems, Wireless Systems and Electronic and Electrical Distribution Systems, which includes smart junction boxes, advanced electronic products and switches and remote keyless entry systems. In May 2000, we opened the Intertronics Innovation Center at our electronic and electrical facility in Dearborn to demonstrate our commitment to growing this business. In addition, we incorporate many convenience, comfort and safety features into our interior designs,

including advanced whiplash concepts, lifestyle vehicle interior storage systems, overhead integrated modules, seat integrated restraint systems (3-point and 4-point belt systems integrated into seats), side impact air bags, child restraint seats and integrated instrument panel air-bag systems. We continually invest in our computer-aided-engineering-design and computer-aided-manufacturing systems. Recent enhancements to these systems include advanced acoustic modeling and analysis capabilities and the enhancement of our Virtual Technology Division (VTD) web site allowing customer telecommunications and the direct exchange of engineering data and information with other worldwide divisions.

We have created brand identities, which highlight products for our customers. The ProTec™ brand identifies products optimized for interior safety; the SonoTec™ brand identifies products optimized for interior acoustics; and the EnviroTec™ brand identifies environmentally friendly products.

We hold in excess of 2,500 patents worldwide covering our products and have numerous applications for patents currently pending. In addition, we hold several trademarks relating to various manufacturing processes. We also license selected technologies to automotive manufacturers and other seating manufacturers. We continually strive to identify and implement new technologies for use in the design and development of our products.

We have dedicated, and will continue to dedicate, resources to research and development in order to maintain our position as a leading developer of technology in the automotive interior industry. Research and development costs incurred in connection with the development of new products and manufacturing methods, to the extent not recoverable from the customer, are charged to selling, general and administrative expenses as incurred. Such costs amounted to approximately $198.6 million, $208.7 million and $181.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Joint Ventures and Minority Interests
We pursue attractive joint ventures in order to assist our entry into new markets, facilitate the exchange of technical information, expand our product offerings and broaden our customer base. We currently have thirty-four joint ventures located in fifteen countries. Fourteen of these joint ventures are consolidated, sixteen are accounted for using the equity method of accounting and four are accounted for using the cost method of accounting. Net sales of our consolidated joint ventures accounted for less than 3% of our net sales for the year ended December 31, 2001. Our investments in unconsolidated joint ventures totaled $53.8 million as of December 31, 2001. See Note 6, “Investments in Affiliates,” to the consolidated financial statements included in this Report for additional information on our joint ventures.

Competition
Within each of our operating segments, we compete with a variety of independent suppliers and automotive manufacturer in-house operations, primarily on the basis of cost, product quality and service. Set forth below is a summary of our primary independent competitors.

- Seating. We are one of two primary independent suppliers in the outsourced North American seat systems market. Our primary independent competitor in this market is Johnson Controls. Our major independent competitors in Western Europe are Johnson Controls and Faurecia (headquartered in France).

- Interior. We are one of the three primary independent suppliers in the outsourced North American flooring and acoustic systems market as well as one of the largest global suppliers of door panels, instrument panels and headliners. Our primary independent competitors in the flooring and acoustic systems market are Collins & Aikman and Rieter Automotive. Our major independent competitors in the outsourced Western European flooring and acoustic systems market include Faurecia, Intier, Radici, Borgers, Rieter Automotive and Treves. Our major independent competitors in the remaining interior markets include Johnson Controls, Intier, Collins & Aikman, Delphi, Visteon, Faurecia and a large number of smaller operations.

- Electronic and Electrical. We are one of the leading independent suppliers of automotive electrical distribution systems in North America and Western Europe. Our major competitors in this market include Delphi, Yazaki and Sumitomo. The automotive electronic/electrical products industry remains highly fragmented. Other participants include Tokai Rika, Kostal, Methode, Cherry, Niles, Omron, Delphi, TRW, Alps, Valeo, Siemens VDO, Bosch, Denso and others.

Seasonality
Our principal operations are directly related to the automotive industry. Consequently, we may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when plants close for model year changeovers and vacations. Historically, our sales and operating profit have been the strongest in the second and fourth calendar quarters. See Note 15, “Quarterly Financial Data,” to the consolidated financial statements included in this Report.

Our cost structure is comprised of a high percentage of variable costs. This structure provides us with additional flexibility during various economic cycles.

Employees

As of December 31, 2001, Lear employed approximately 35,000 people in the United States and Canada, 34,000 in Mexico, 35,000 in Europe and 12,000 in other regions of the world. A substantial number of our employees are members of unions. We have collective bargaining agreements with several unions including: the UAW; the CAW; UNITE; the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America; and the International Association of Machinists and Aerospace Workers. Virtually all of our unionized facilities in the United States and Canada have a separate contract with the union that represents the workers employed there. Each such contract has an expiration date independent of our other labor contracts. The majority of our European and Mexican employees are members of industrial trade union organizations and confederations within their respective countries. Many of these organizations and confederations operate under national contracts, which are not specific to any one employer. We have occasionally experienced labor disputes at our plants, none of which has significantly disrupted production or had a material adverse effect on our operations. We have been able to resolve all such labor disputes and believe our relations with our employees are generally good.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements” and “— Risk Factors.”

ITEM 2 — PROPERTIES

As of December 31, 2001, our operations were conducted through 309 facilities, some of which are used for multiple purposes, including 160 production/manufacturing sites, 53 JIT sites, 39 administrative/technical support sites, 9 assembly sites, 5 advanced technology centers and 5 distribution centers, in 33 countries. The remaining facilities are primarily warehouses. Our world headquarters is located in Southfield, Michigan. Our facilities range in size up to 1,016,000 square feet.

Of the 309 facilities, which include facilities owned by our less than majority-owned affiliates, 159 are owned and 150 are leased with expiration dates ranging from 2001 through 2021. We believe substantially all of our property and equipment is in good condition and that we have sufficient capacity to meet our current and expected manufacturing and distribution needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Financial Condition — Cash Flow."

The following table presents the locations of our facilities:

Argentina
Escobar, BA
Ferreyra, CO
Pacheco, BA
San Luis, SL

Austria
Graz
Koeflach

Belgium
Genk

Brazil
Betim
Cacapava
Camacari
Curitiba
Diadema
Gravatai
Juiz de For a
Sao Paulo

Canada
Ajax
Concord
Kitchener
Mississauga
Oakville
St. Thomas
Whitby
Windsor
Woodstock

China
Chongqing
Hong Kong
Nanchang
Shanghai
Wuhan

Czech Republic
Prestice

England
Basildon, SS
Bicester, OX
Coventry, CV
Coventry, M
Kenilworth, WA
Liverpool, ME
Nottingham, NG
Shepperton, SU
Tamworth, ST
Tipton, M
Washington, TY

France
Cergy
Compans
Garches
Guipry
Lagny-le-sec
Meaux
Offranville

Germany
Besigheim
Boblingen
Bremen
Ebersberg
Eisenach
Enseldorf
Gaimersheim
Garching-Hochbruck
Ginsheim-Gustavsburg
Koln
Kronach
Munchen
Plattling
Quakenbruck
Rietberg
Saarlouis
Sulzbach
Wackersdorf
Wolfsburg
Zwiesel

Honduras
Naco, SB

Hungary
Godollo
Gyoer
Gyonygos
Mor

India
Chennai
Halol
Nasik
New Delhi
Thane

Italy
Bellizzi, SA
Caivano, NA
Cassino, FR
Grugliasco, TO
Melfi, PZ
Montelabbate, PS
Orbassano, TO
Pianfei, CN
Pozzo d'Adda, MI
Termini Imerese, PA
Villastellone, TO

Japan
Atsugi
Hiroshima
Tokyo
Toyota City

Mexico
Chihuahua, CH
Cuautitlan
Izcalli, MX
Hermosillo, SO
Juarez, CH
Leon, GO
Mexico City, DF
Naucalpan, MX
Puebla, PU
Ramos Arizpe, CO
Saltillo, CO
Santa Catarina, NL
Toluca, MX

Netherlands
Weesp

Philippines
Lapu-Lapu City,
Cebu

Poland
Bielsko-Biala
Mielec
Plock
Swidnica
Tychy

Portugal
Palmela, SL
Povoa de Lanhoso,
BA
Valongo, PO

Romania
Pitesti

Russia
Nihzny Novgorod

Singapore
Singapore

Slovakia
Bratislava

South Africa
Brits
East London
Port Elizabeth
Rosslynn
Woodbrook

South Korea
Seoul

Spain
Almussafes, VA
Avila, AV
Cevera, LE
Epila, ZA
Logrono, LR
Roquetes, TA
Valdermoro, MD
Valls, TA

Sweden
Fargelanda
Gothenburg
Tanumshede
Tidaholm
Trollhattan

Thailand
Bangkok
Nakornratchasima
Rayong

Tunisia
Bir El Bey

Turkey
Bursa
Kocaeli

United States
Allen Park, MI
Alma, MI
Arlington, TX
Atlanta, GA
Auburn Hills, MI
Berne, IN
Bourbon, IN
Bowling Green, OH
Bridgeton, MO
Carlisle, PA
Columbus, OH
Covington, VA
Dayton, TN
Dearborn, MI
Detroit, MI
Delphi Twp. MI
Duncan, SC
Edinburgh, IN
El Paso, TX
Elsie, MI
Evansville, IN
Fenton, MI
Frankfort, IN
Fremont, OH
Grand Rapids, MI
Greencastle, IN
Greensboro, NC
Hammond, IN
Highland Park, MI
Holland, MI
Hunington, IN
Huron, OH
Iowa City, IA
Ithaca, MI
Janesville, WI
Lebanon, OH
Lebanon, VA
Lewistown, PA
Lexington, KY
Liberty, MO
Louisville, KY
Madison Heights, MI
Madisonville, KY
Manteca, CA
Marlette, MI
Marshall, MI
Mason, MI
Melvindale, MI
Mendon, MI
Morristown, TN
New Castle, DE
Newark, DE
Northwood, OH
Novi, MI
O'Fallon, MO

United States
(Continued)
Oklahoma City, OK
Peru, IN
Plymouth, IN
Plymouth, MI
Pontiac, MI
Port Huron, MI
Riverside, IA
Rochester Hills, MI
Romulus, MI
Roscommon, MI
Sheboygan, WI
Sidney, OH
Southfield, MI
Strasburg, VA
Tampa, FL
Taylor, MI
Traverse City, MI
Troy, MI
Walker, MI
Warren, MI
Warren, OH
Wauseon, OH
Wentzville, MO
Winchester, VA
Zanesville, OH

Venezuela
Valencia

ITEM 3 — LEGAL PROCEEDINGS

We are involved in certain legal actions and claims arising in the ordinary course of business. We do not believe that any of the litigation in which we are currently engaged, either individually or in the aggregate, will have a material adverse effect on our business, consolidated financial position or results of future operations.

We are subject to local, state, federal and foreign laws, regulations and ordinances, which govern activities or operations that may have adverse environmental effects and which impose liability for the costs of cleaning up certain damages resulting from past spills, disposal or other releases of hazardous wastes and environmental compliance. Our policy is to comply with all applicable environmental laws and to maintain procedures to ensure compliance. However, we have been, and in the future may become, the subject of formal or informal enforcement actions or procedures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Environmental Matters."

We have been named as a potentially responsible party at several third party landfill sites and are engaged in the cleanup of hazardous wastes at certain sites owned, leased or operated by us, including several properties acquired in the UT Automotive acquisition. Certain present and former properties of UT Automotive are subject to environmental liabilities which may be significant. We obtained agreements and indemnities with respect to possible environmental liabilities from United Technologies Corporation in connection with our acquisition of UT Automotive. While we do not believe that the environmental liabilities associated with our properties will have a material adverse effect on our business, consolidated financial position or results of future operations, no assurances can be given in this regard.

ITEM 4 — SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2001.

PART II

ITEM 5 — MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Lear's Common Stock is listed on the New York Stock Exchange under the symbol "LEA." The Transfer Agent and Registrar for Lear's Common Stock is The Bank of New York, located in New York, New York. On March 1, 2002, there were 1,087 holders of record of Lear's Common Stock.

To date, we have never paid a cash dividend on our Common Stock. Any payment of dividends in the future is dependent upon our financial condition, capital requirements, earnings and other factors. Also, we are subject to the restrictions on the payment of dividends contained in our primary credit facilities and in certain other contractual obligations. See Note 8, "Long-Term Debt," to the consolidated financial statements included in this Report.

In February 2002, we issued $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022 in a private offering, yielding gross proceeds of $250 million. Each $1,000 principal amount of notes at maturity is convertible into 7.5204 shares of our common stock, subject to adjustment, under certain circumstances. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Financial Condition" and Note 8, "Long-Term Debt," to the consolidated financial statements included in this Report.

The following table sets forth the high and low sales prices per share of Common Stock, as reported by the New York Stock Exchange, for the periods indicated:

Year Ended December 31, 2001:	Price Range of Common Stock	
	High	Low
4th Quarter	$ 38.20	$ 26.52
3rd Quarter	$ 42.14	$ 24.42
2nd Quarter	$ 38.50	$ 28.40
1st Quarter	$ 34.70	$ 24.50

Year Ended December 31, 2000:	Price Range of Common Stock	
	High	Low
4th Quarter	$ 27.25	$ 20.19
3rd Quarter	$ 26.56	$ 19.94
2nd Quarter	$ 30.19	$ 19.98
1st Quarter	$ 35.44	$ 19.94

ITEM 6 — SELECTED FINANCIAL DATA

The following income statement and balance sheet data were derived from our consolidated financial statements. Our consolidated financial statements for the years ended December 31, 2001, 2000, 1999, 1998 and 1997, have been audited by Arthur Andersen LLP. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Report.

For the year ended December 31,	2001(1)	2000(2)	1999(3)	1998(4)	1997
			(In millions (5))		
Operating Data:					
Net sales	$ 13,624.7	$ 14,072.8	$ 12,428.8	$ 9,059.4	$ 7,342.9
Gross profit	1,034.8	1,450.1	1,269.2	861.4	809.4
Selling, general and administrative expenses	514.2	524.8	483.7	337.0	286.9
Restructuring and other charges (credits)	—	—	(4.4)	133.0	—
Amortization of goodwill	90.2	89.9	76.6	49.2	41.4
Interest expense	254.7	316.2	235.1	110.5	101.0
Other expense, net (6)	72.8	47.2	47.1	22.3	28.8
Income before income taxes and extraordinary loss	102.9	472.0	431.1	209.4	351.3
Income taxes	68.7	197.3	174.0	93.9	143.1
Income before extraordinary loss	34.2	274.7	257.1	115.5	208.2
Extraordinary loss, net of tax (7)	7.9	—	—	—	(1.0)
Net income	$ 26.3	$ 274.7	$ 257.1	$ 115.5	$ 207.2
Basic net income per share	$ .41	$ 4.21	$ 3.84	$ 1.73	$ 3.13
Diluted net income per share	$ .40	$ 4.17	$ 3.80	$ 1.70	$ 3.04
Actual shares outstanding	64,253,337	63,554,352	66,599,500	66,684,084	66,861,958
Weighted average shares outstanding (8)	65,305,034	65,840,964	67,743,152	68,023,375	68,248,083
Balance Sheet Data:					
Current assets	$ 2,366.8	$ 2,828.0	$ 3,154.2	$ 2,198.0	$ 1,614.9
Total assets	7,579.2	8,375.5	8,717.6	5,677.3	4,459.1
Current liabilities	3,182.8	3,371.6	3,487.4	2,497.5	1,854.0
Long-term debt	2,293.9	2,852.1	3,324.8	1,463.4	1,063.1
Stockholders' equity	1,559.1	1,600.8	1,465.3	1,300.0	1,207.0
Other Data:					
EBITDA (9)	$ 822.6	$ 1,227.6	$ 1,054.2	$ 561.9	$ 665.5
Ratio of EBITDA to interest expense	3.2x	3.9x	4.5x	5.1x	6.6x
Ratio of earnings to fixed charges (10)	1.4x	2.4x	2.8x	2.7x	4.1x
Cash flows from operating activities	$ 829.8	$ 753.1	$ 560.3	$ 285.4	$ 449.4
Cash flows from investing activities	$ (201.1)	$ (225.1)	$ (2,538.2)	$ (677.8)	$ (519.7)
Cash flows from financing activities	$ (645.5)	$ (523.8)	$ 2,038.0	$ 383.8	$ 39.0
Capital expenditures	$ 267.0	$ 322.3	$ 391.4	$ 351.4	$ 187.9
Employees at year end	115,929	121,636	121,102	65,316	51,025
Number of facilities (11)	309	335	330	206	179
North American content per vehicle (12)	$ 573	$ 553	$ 478	$ 369	$ 320
North American vehicle production (13)	15.5	17.2	17.0	15.5	15.6
Western Europe content per vehicle (14)	$ 242	$ 235	$ 227	$ 176	$ 123
Western Europe vehicle production (15)	16.5	16.3	16.1	15.8	15.1
South American content per vehicle (16)	$ 99	$ 102	$ 101	$ 134	$ 129
South American vehicle production (17)	2.0	1.9	1.6	2.0	2.4

(1) Results include the effect of the $149.2 million restructuring and other charges ($110.2 million after tax) as well as the $15.0 million net loss on the sale of certain businesses and other non-recurring transactions ($15.7 million after tax).

(2) Results include the effect of the $3.2 million net gain on the sale of the sealants and foam rubber business, the sale of certain foreign businesses and other non-recurring transactions ($1.9 million loss after tax).

(3) Results include the effect of the $4.4 million restructuring and other credits ($2.6 million after tax).

(4) Results include the effect of the $133.0 million restructuring and other charges ($92.5 million after tax).

(5) Except per share data, actual and weighted average shares outstanding, employees at year end, number of facilities, North American content per vehicle, Western Europe content per vehicle and South American content per vehicle.

(6) Consists of foreign currency exchange, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates, state and local taxes and other expense.

(7) The extraordinary items resulted from the prepayment of debt.

(8) Weighted average shares outstanding is calculated on a diluted basis.

(9) "EBITDA" is operating income plus depreciation and amortization. We believe that the operating performance of companies in our industry is measured, in part, by their ability to generate EBITDA. In addition, we use EBITDA as an indicator of our operating performance and as a measure of our cash generating capabilities. EBITDA does not represent and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure for determining operating performance or liquidity that is calculated in accordance with generally accepted accounting principles. Further, EBITDA, as we calculate it, may not be comparable to calculations of similarly-titled measures by other companies. Excluding the $149.2 million, $(4.4) million and $133 million restructuring and other charges (credits) recorded in 2001, 1999 and 1998, respectively, EBITDA would have been $971.8 million, $1,049.8 million and $694.9 million in 2001, 1999 and 1998, respectively.

(10) "Fixed charges" consist of interest on debt, amortization of deferred financing fees and that portion of rental expenses representative of interest (deemed to be one-third of rental expenses). "Earnings" consist of income before income taxes, fixed charges, undistributed earnings and minority interests.

(11) Includes facilities operated by our less than majority-owned affiliates and facilities under construction.

(12) "North American content per vehicle" is our net sales in North America divided by estimated total North American vehicle production.

(13) "North American vehicle production" includes car and light truck production in the United States, Canada and Mexico estimated from industry sources.

(14) "Western Europe content per vehicle" is our net sales in Western Europe divided by estimated total Western Europe vehicle production.

(15) "Western Europe vehicle production" includes car and light truck production in Austria, Belgium, France, Germany, Italy, The Netherlands, Portugal, Spain, Sweden and the United Kingdom estimated from industry sources.

(16) "South American content per vehicle" is our net sales in South America divided by estimated total South American vehicle production.

(17) "South American vehicle production" includes car and light truck production in Argentina, Brazil and Venezuela estimated from industry sources.

ITEM 7 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the fifth largest automotive supplier in the world. Our sales have grown rapidly from $6.2 billion for the year ended December 31, 1996 to $13.6 billion for the year ended December 31, 2001. The major sources of this growth have been new program awards and the implementation of a strategic acquisition plan to capitalize on supplier consolidation and globalization trends in the automotive industry. Our customers are the major automotive manufacturers, including General Motors, Ford, DaimlerChrysler, BMW, Fiat, Volkswagen, Peugeot, Renault, Toyota and Subaru.

Our operations are directly related to automotive vehicle production. Automotive sales and production are cyclical and can be affected by numerous factors, including general economic conditions, labor relations issues and regulatory factors. Automotive production in North America and Western Europe declined in 2001 and is expected to decline further in 2002. In the fourth quarter of 2001, we began to implement a restructuring plan to consolidate our operations and align our capacity and operations with existing market conditions. As a result of this restructuring plan, we recorded pre-tax charges of $149 million. Please refer to "—Restructurings" for a more detailed description of our restructuring plan.

In addition to overall automotive vehicle production, our operating results are being significantly impacted by the commercial success of the vehicle platforms for which we supply products and the market share of our customers. General Motors and Ford and their respective affiliates accounted for approximately 60% of our net sales in 2001. A loss of significant business from General Motors or Ford, or a decrease in business with respect to a significant automobile model, could significantly and negatively affect our operating results.

Moreover, there is substantial and continuing pressure on suppliers from their automotive manufacturers to reduce costs while at the same time assuming greater responsibility for the design, development, engineering and integration of interior products. Our customers impose annual selling price reductions on most of the products we supply. Our profitability is significantly dependent on our ability to achieve cost reductions which offset or exceed these customer-mandated price reductions.

For a more detailed description of other factors that have or may significantly impact our business, results of operations or financial condition, please refer to "— Forward-Looking Statements" and "— Risk Factors."

Results of Operations

Year Ended December 31, 2001 Compared With Year Ended December 31, 2000

Net sales for the year ended December 31, 2001 were $13.6 billion as compared to $14.1 billion for the year ended December 31, 2000, a decrease of $448 million or 3.2%. Lower global production volumes on existing programs, foreign exchange rate fluctuations and the effect of our divestitures negatively impacted net sales by approximately $1.0 billion, $.3 billion and $.1 billion, respectively. Selling price reductions also contributed to the decline in net sales. These factors were partially offset by new business.

Gross profit and gross margin were $1.0 billion and 7.6% in 2001 as compared to $1.5 billion and 10.3% in 2000. Excluding the impact of restructuring charges, gross profit and gross margin were $1.2 billion and 8.7% in 2001. The decrease is primarily the result of lower global production volumes and our divestitures, which contributed approximately $234 million and $31 million, respectively, to the decrease in gross profit. Selling price reductions, to the extent not offset by cost reductions, also contributed to the decline in gross profit.

Selling, general and administrative expenses, including research and development, were $514 million for the year ended December 31, 2001 as compared to $525 million for the year ended December 31, 2000. As a percentage of net sales, selling, general and administrative expenses were 3.8% in 2001 as compared to 3.7% in 2000. Excluding the impact of restructuring charges, selling, general and administrative expenses were $506 million and 3.7% as a percentage of net sales in 2001.

Research and development costs incurred in connection with the development of new products and manufacturing methods, to the extent not recoverable from the customer, are charged to selling, general and administrative expenses as incurred. Such costs amounted to approximately $199 million and $209 million for the years ended December 31, 2001 and 2000, respectively.

Included in cost of goods sold and selling, general and administrative expenses are net severance costs of approximately $5 million related to actions in the first six months of 2001 to reduce our cost base. Approximately 4,800 employees in our worldwide workforce were terminated during this period.

Interest expense was $255 million in 2001 as compared to $316 million in 2000. Our reduced debt balance, lower interest rates and our receivables-backed securitization financing agreements (the "ABS facility") favorably impacted interest expense by approximately $23 million, $17 million and $15 million, respectively.

Other expense, which includes state and local taxes, foreign currency exchange and other non-operating expenses, was $65 million for the year ended December 31, 2001 as compared to $35 million for the year ended December 31, 2000. During 2001, we recorded a net gain of $1 million related to the sales of our Spanish wire business, a plastics molding facility, an interior acoustics facility and the metal seat frame portion of a facility as well as a loss of $3 million related to the write-down of certain other assets to net realizable value. In addition, during 2001, we recognized a discount of $16 million, of which approximately $3 million was non-recurring, related to the transfer of accounts receivable under the ABS facility. Excluding these non-recurring transactions, other expense was $60 million for the year ended December 31, 2001. During 2000, we recorded a net gain of $17 million related to the sales of our sealants and foam rubber business and four plastic and metal manufacturing facilities as well as non-recurring expenses, including the disposal of idle equipment, of $14 million. Excluding these non-recurring transactions, other expense was $38 million for the year ended December 31, 2000. On an adjusted basis, the increase in other expense was primarily due to a recurring discount of approximately $13 million related to the transfer of accounts receivable under the ABS facility and an increase in foreign currency exchange losses.

The provision for income taxes was $69 million, representing an effective tax rate of 66.8% in 2001, as compared to $197 million, representing an effective tax rate of 41.8% in 2000. Excluding the impact of the restructuring charges, the provision for income taxes was $108 million, representing an effective tax rate of 42.7%, in 2001. Net income for the year ended December 31, 2001 was $26 million or $.40 per share as compared to $275 million or $4.17 per share for the year ended December 31, 2000.

Reportable Operating Segments

Certain of the financial information presented below is for our three reportable operating segments for the periods presented. These segments are: seating, which includes seat systems and the components thereof; interior, which includes flooring and acoustic systems, door panels, instrument panels, headliners and other interior products; and electronic and electrical, which includes electronic and electrical distribution systems, interior control systems and wireless systems. Since January 1, 2001, seat frames and seat tracks, which were previously included in our interior segment, have been included in our seating segment. Accordingly, all amounts have been restated to reflect this change.

Seating —

Seating net sales were $9.3 billion for the year ended December 31, 2001 as compared to $9.1 billion for the year ended December 31, 2000, an increase of $.2 billion, or 1.7%. Lower global production volumes on existing customer programs reduced net sales by $.5 billion. This decrease was more than offset by new business. Operating income before amortization and operating margin before amortization were $454 million and 4.9% for 2001 as compared to $495 million and 5.4% for 2000. These decreases were primarily the result of lower customer requirements and production shutdowns affecting existing programs, which accounted for a $91 million decline in operating income before amortization, and the effect of our divestitures, which contributed an additional $10 million. These decreases were partially offset by new business.

Interior —

Interior net sales were $2.4 billion for the year ended December 31, 2001 as compared to $2.8 billion for the year ended December 31, 2000, a decrease of 12.4%. This decrease was primarily due to lower global production volumes on existing customer programs, which negatively impacted net sales by $.2 billion, and the effect of our divestitures, which negatively impacted net sales by $.1 billion. Operating income before amortization and operating margin before amortization were $202 million and 8.3% in 2001 and $308 million and 11.1% in 2000. These decreases were primarily the result of lower customer requirements and production shutdowns affecting existing programs, which accounted for a $71 million decline in operating income before amortization, and the effect of our divestitures, which contributed an additional $15 million.

Electronic and Electrical —

Electronic and electrical net sales were $1.9 billion for the year ended December 31, 2001 as compared to $2.2 billion for the year ended December 31, 2000, a decrease $.3 billion or 11.7%. This decrease was primarily attributable to lower global production volumes on existing customer programs, which reduced net sales by $.3 billion. Operating income before amortization and operating margin before amortization were $174 million and 9.2% for 2001 as compared to $266 million and 12.4% for 2000. These decreases were primarily the result of lower customer requirements and production shutdowns affecting existing programs, which accounted for a $72 million decline in operating income before amortization, and the effect of our divestitures, which contributed an additional $6 million.

Year Ended December 31, 2000 Compared With Year Ended December 31, 1999

Net sales of $14.1 billion for the year ended December 31, 2000 exceeded net sales for the year ended December 31, 1999 by $1.6 billion or 13.2%. The increase was primarily due to new programs and increased global production volumes, which accounted for $1.2 billion of the increase, and to our acquisitions, which collectively accounted for $1.1 billion of the increase. The increase was partially offset by the negative impact of foreign currency exchange, $.6 billion, and of our divestitures, $.1 billion.

Gross profit and gross margin improved to $1.5 billion and 10.3% for the year ended December 31, 2000 as compared to $1.3 billion and 10.2% for the year ended December 31, 1999. Gross profit benefited from new programs and increased global production volumes, which accounted for $157 million of the increase, as well as from our acquisitions, which accounted for $111 million of the increase. Partially offsetting the increase were higher engineering costs, European start-up expenses and unfavorable foreign exchange.

Selling, general and administrative expenses, including research and development, as a percentage of net sales decreased to 3.7% for the year ended December 31, 2000 as compared to 3.9% for the year ended December 31, 1999. The decrease was primarily the result of the integration of UT Automotive in 2000 as well as additional expenses resulting from our acquisitions in 1999.

During 2000, the Company recorded a credit of $5 million comprised of unutilized restructuring reserves from the 1998 restructuring charge. This credit was offset by a $5 million charge to streamline certain corporate and division administrative office functions. The 2000 costs were comprised entirely of severance and were substantially utilized by December 31, 2000.

For the year ended December 31, 2000, interest expense increased to $316 million as compared to $235 million for the year ended December 31, 1999 as the result of debt incurred to finance acquisitions and increased interest rates under our primary credit facilities.

Other expense, which includes state and local taxes, foreign currency exchange and other non-operating expenses, was $35 million for the year ended December 31, 2000 as compared to $35 million for the year ended December 31, 1999. In 2000, we recorded a net gain of $17 million related to the sale of certain businesses. In addition, we recorded non-recurring expenses of $14 million, which included the disposal of idle equipment. Excluding non-recurring transactions, other expense was $38 million for the year ended December 31, 2000.

The provision for income taxes in 2000 was $197 million, an effective tax rate of 41.8%, as compared to $174 million, an effective tax rate of 40.4% in 1999. Net income for the year ended December 31, 2000 was $275 million or $4.17 per share as compared to $257 million or $3.80 per share for the year ended December 31, 1999. Basic and diluted net income per share benefited from 1.7 million and 1.9 million, respectively, fewer shares outstanding in 2000 as compared to 1999.

Seating—

Seating net sales were $9.1 billion for the year ended December 31, 2000 as compared to $8.4 billion for the year ended December 31, 1999, an increase of $.7 billion or 8.7%. This increase was primarily due to new programs and increased production on existing customer programs, which accounted for an increase of $.9 billion. This increase was partially offset by the negative impact of foreign currency exchange. Seating operating income before amortization and operating margin before amortization were $495 million and 5.4% for 2000 as compared to $539 million and 6.4% for 1999, primarily due to higher engineering costs, European start-up expenses and the negative impact of foreign currency exchange. These decreases were partially offset by new programs and increased production on existing customer programs, which accounted for a $120 million increase in seating operating income before amortization.

Interior—

Interior net sales were $2.8 billion for the year ended December 31, 2000 as compared to $2.5 billion for the year ended December 31, 1999, an increase of 9.2%. This increase was primarily the result of new programs and increased production on existing customer programs, which contributed an increase of $.3 billion, as well as the impact of our acquisitions, principally UT Automotive, which collectively contributed an increase of $.3 billion. These increases were partially offset by the effect of our divestitures, which reduced interior net sales by $.1 billion, and the negative impact of foreign currency exchange. Interior operating income before amortization and operating margin before amortization were $308 million and 11.1% for 2000 as compared to $208 million and 8.2% for 1999. Interior operating income before amortization benefited from new programs and increased production on existing customer programs, which accounted for $29 million of the increase, as well as from the impact of our acquisitions, principally UT Automotive, which collectively accounted for $24 million of the increase. Interior operating income before amortization and operating margin before amortization also benefited from synergy savings, resulting from the UT Automotive acquisition.

Electronic and Electrical—

Electronic and electrical net sales were $2.2 billion for the year ended December 31, 2000 as compared to $1.5 billion for the year ended December 31, 1999, an increase of $.7 billion or 46.2%. This increase was primarily due to the full year impact of our

acquisition of UT Automotive, which was acquired on May 4, 1999 and accounted for an increase of $.8 billion. This increase was partially offset by the negative impact of foreign currency exchange. Electronic and electrical operating income before amortization and operating margin before amortization were $266 million and 12.4% for 2000 as compared to $141 million and 9.6% for 1999. The increase in electronic and electrical operating income before amortization was primarily the result of the full year impact of our acquisition of UT Automotive, which contributed $87 million to the increase, as well as new programs and increased production on existing customer programs, which contributed $8 million to the increase. Electronic and electrical operating income before amortization and operating margin before amortization also benefited from synergy savings, resulting from the UT Automotive acquisition.

Restructurings

2001

In order to better align our operations and capacity in response to reductions in global automotive production volumes, in the fourth quarter of 2001, we began to implement a restructuring plan. This restructuring plan will consolidate our operations, provide operational efficiencies and improve our long-term competitive position. Several of these actions involve the relocation of businesses to improve factory utilization. We expect the net personnel reduction to be approximately 6,500 employees. As a result of this restructuring plan, we recorded pre-tax charges of $149 million, including $141 million recorded as cost of goods sold and $8 million recorded as selling, general and administrative expenses. Significant activities included in the restructuring plan are as follows:

- Consolidation of North and South American Operations. We have implemented a plan to consolidate certain manufacturing and administrative functions in North and South America. As a result, ten manufacturing and three warehouse facilities in North America and three manufacturing facilities in South America will be closed. The charges consist of severance costs of $32 million for 3,491 employees notified prior to December 31, 2001, asset impairment charges of $24 million, lease cancellation costs of $6 million and other facility closure costs of $3 million. As of December 31, 2001, two of the manufacturing facilities were closed and 514 of the employees had been terminated.

  We also implemented a plan to consolidate certain administrative functions and to reduce the U.S. salaried workforce. We recorded a charge of $6 million for severance costs for 229 employees notified prior to December 31, 2001. As of December 31, 2001, 159 of the employees had been terminated.

- Consolidation of European and Rest of World Operations. We have implemented a plan to consolidate certain manufacturing and administrative functions in Europe and Rest of World. As a result, five manufacturing facilities will be closed. The charges consist of severance costs of $26 million for 4,290 employees notified prior to December 31, 2001, asset impairment charges of $27 million and other facility closure costs of $7 million. As of December 31, 2001, one of the facilities was closed and 2,391 of the employees had been terminated.

  In addition, we recorded a charge of $15 million for severance costs for 1,506 employees in one country under Statement of Financial Accounting Standards (“SFAS”) No. 112, “Employers’ Accounting for Postemployment Benefits,” as we anticipate this to be the minimum aggregate severance payments that will be made in accordance with statutory requirements. These employees are expected to be terminated in 2002.

  We also implemented a plan to consolidate certain administrative functions and to reduce the European salaried workforce. We recorded a charge of $3 million for severance costs for 70 employees notified prior to December 31, 2001. As of December 31, 2001, two of the employees had been terminated.

In 2002, we expect cash expenditures related to the restructuring plan to be approximately $70 million. We also expect to incur between $10 and $15 million of restructuring-related capital expenditures during this time. In 2002, the savings realized as a result of the restructuring plan are expected to approximate and, as such, offset the restructuring-related costs. Beginning in 2003, we expect to realize between $40 and $50 million per year in savings as a result of the restructuring plan.

For more information relating to the restructuring charges described above, see Note 5, “Restructuring and Other Charges,” to the consolidated financial statements included in this Report.

2000

In the fourth quarter of 2000, we implemented a plan to streamline corporate and division administrative office functions. As a result of these actions, we recorded pre-tax charges of $5 million, consisting entirely of severance to employees notified of their termination prior to December 31, 2000. As of December 31, 2001, all of the provision had been utilized.

1998

In the fourth quarter of 1998, we began to implement a restructuring plan designed to reduce our cost structure and improve our long-term competitive position. During 2000 and 1999, we made adjustments to the original restructuring provision, resulting in net restructuring credits of $5 million and $10 million, respectively. The adjustments were attributable to several factors, including severance benefits in excess of amounts originally accrued, reduced severance benefits due to employee reductions attained through attrition, sub-lessor arrangements and decisions to delay or cancel certain actions. Additionally, during 1999, we expensed as incurred $6 million of employee and equipment relocation costs incurred in connection with the implementation of the restructuring plan. The restructuring is complete, and the remaining accrual of $7 million as of December 31, 2001 consists of long-term lease payments related to closed European facilities.

UT Automotive

During the second quarter of 1999, we began to implement restructuring plans designed to integrate the operations of the recently acquired UT Automotive, which were finalized during the first and second quarters of 2000. As a result of these restructuring plans, we recorded an adjustment to the original purchase price allocation of $32 million. The plans called for the termination of 899 employees, all of whom were terminated as of December 31, 2001, and the closure of or exit from five facilities, of which four were closed or vacated as of December 31, 2001. During the second quarter of 2001, the closure of a European facility was cancelled due to a new program award in the region. We had previously completed all restructuring actions related to this facility with the exception of the disposition of the building, which had been idle since July 2000. Production on the new program began in January 2002. As a result, we reduced the restructuring accrual related to severance and goodwill by $3 million.

Liquidity and Financial Condition

Our primary liquidity needs are to fund capital expenditures, service indebtedness and support working capital requirements. Our principal sources of liquidity are cash flow from operating activities and borrowing availability under our primary credit facilities. A substantial portion of our operating income is generated by our wholly-owned subsidiaries. As a result, we are dependent on the earnings and cash flows of and dividends and distributions or advances from these subsidiaries to provide the funds necessary to meet our obligations. There are no material restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Lear.

Cash Flow

Cash flows from operating activities generated $569 million, excluding the proceeds from sales of receivables under the ABS facility, in 2001 as compared to $753 million in 2000. Proceeds from the sales of receivables under the ABS facility were $261 million in 2001. Net income decreased to $26 million for the year ended December 31, 2001 as compared to $275 million for the year ended December 31, 2000. Partially offsetting this decrease, recoverable customer engineering and tooling was a source of $110 million in 2001 and $24 million in 2000, as recovery of previously capitalized amounts outpaced amounts incurred and capitalized in both years.

Net cash used in investing activities decreased from $225 million in 2000 to $201 million in 2001. A decrease in capital expenditures from $322 million in 2000 to $267 million in 2001 was partially offset by a decrease in the proceeds from the disposition of businesses and other assets. We currently anticipate capital expenditures for 2002 of approximately $275 million.

Capitalization

We utilize uncommitted lines of credit to satisfy a portion of our short-term working capital requirements. For the years ended December 31, 2001 and 2000, our average outstanding unsecured short-term debt balances were $40 million and $77 million, respectively. Weighted average interest rates on the outstanding borrowings were 6.3% and 6.7% for the respective periods.

We utilize a combination of committed credit facilities and longer term notes to fund our capital expenditure and base working capital requirements. For the years ended December 31, 2001 and 2000, our average outstanding long-term debt balances were $2.6 billion and $3.3 billion, respectively. Weighted average long-term interest rates (including rates under our committed credit facilities) were 7.2% and 7.3% for the respective periods.

On March 26, 2001, we replaced our $2.1 billion revolving credit facility in order to extend its maturity and reduce commitments. As a result, interest rates and fees thereunder were adjusted to market rates. In addition, we amended our other primary credit facilities at the same time. Our primary credit facilities currently consist of a $1.7 billion amended and restated credit facility, which matures on March 26, 2006, a $500 million revolving credit facility, which matures on May 4, 2004, and a $500 million term loan, having scheduled amortization which began on October 31, 2000 and a final maturity on May 4, 2004. As of December 31, 2001, $350 million was outstanding under the term loan. Our primary credit facilities provide for multicurrency borrowings in a maximum aggregate amount of up to $665 million, the commitment for which is part of the aggregate primary credit facilities commitment. The write-off of deferred financing fees related to the $2.1 billion revolving credit facility totaled approximately $1.0 million ($.6 million after tax), which is reflected as an extraordinary loss, net of tax in the consolidated statement of income for the year ended December

31, 2001. As of December 31, 2001, we had $.7 billion outstanding under our primary credit facilities and $53 million committed under outstanding letters of credit, resulting in unused availability under our primary credit facilities of more than $1.0 billion. The weighted average interest rates across all currencies as of December 31, 2001 and 2000 were 7.1% and 7.6%, respectively.

Our primary credit facilities provide for scheduled term loan repayments of $125 million in 2002, $150 million in 2003 and $75 million in 2004. In addition, scheduled cash interest payments on our outstanding senior notes are $131 million in each of 2002, 2003 and 2004. Borrowings under our primary credit facilities bear interest at variable rates. Therefore, an increase in interest rates would reduce our profitability. See "— Market Risk Sensitivity."

In addition to indebtedness under our primary credit facilities, we had approximately $1.8 billion of debt, including short-term borrowings, outstanding as of December 31, 2001, consisting primarily of $1.4 billion of senior notes due between 2005 and 2009 and Euro 250 million (approximately $223 million based on the exchange rate in effect as of December 31, 2001) of senior notes due 2008.

On February 14, 2002, we issued $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022, yielding gross proceeds of $250 million. The notes are unsecured and rank equally with our other unsecured senior indebtedness, including our other senior notes. Each note of $1,000 principal amount at maturity was issued at a price of $391.06, representing a yield to maturity of 4.75%. Holders of the notes may convert their notes at any time on or before the maturity date at a conversion rate, subject to adjustment, of 7.5204 shares of our common stock per note, provided that the average per share price of our common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 120% and declining 1/2% each year thereafter to 110% at maturity, of the accreted value of the note, divided by the conversion rate. The notes are also convertible (1) if the long-term credit rating assigned to the notes by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Group is reduced below Ba3 or BB-, respectively, or either ratings agency withdraws its long-term credit rating assigned to the notes, (2) if we call the notes for redemption or (3) upon the occurrence of specified other events.

We have an option to redeem all or a portion of the convertible notes for cash at their accreted value at any time on or after February 20, 2007. Holders may require us to purchase their notes on each of February 20, 2007, 2012 and 2017, as well as upon the occurrence of a fundamental change, at their accreted value on such dates. We may choose to pay the purchase price in cash or, subject to the satisfaction of certain conditions, shares of our common stock or a combination of cash and shares of our common stock. We used the proceeds from the convertible debt offering to repay indebtedness under the revolving portion of our primary credit facilities. The notes and the common stock issuable upon conversion have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. Under the terms of a registration rights agreement entered into in connection with the issuance of the convertible notes, we are required to file a registration statement covering the resale of the notes and the common stock issuable thereunder. We would be required to pay additional interest on the notes in the event the registration statement is not filed or declared effective by specified dates and under certain other circumstances.

Our primary credit facilities contain operating and financial covenants that, among other things, could limit our ability to obtain additional sources of capital. The primary credit facilities are guaranteed by certain of our significant subsidiaries and secured by the pledge of all or a portion of the capital stock of certain of our significant subsidiaries. Our senior notes are guaranteed by the same subsidiaries that guarantee our primary credit facilities. For more information concerning our long-term debt, please refer to Note 8, "Long-Term Debt," to the consolidated financial statements included in this Report and to the agreements governing our material indebtedness, which have been filed as exhibits to this Report.

On August 9, 2001, we redeemed our 9.50% subordinated notes due 2006. The redemption was made at 104.75% of the aggregate principal amount of the notes. On May 1, 2001, we redeemed our 8.25% subordinated notes due 2002. The redemption was made at par. The redemptions were financed through borrowings under our primary credit facilities. The redemption premium and the write-off of deferred financing fees related to the redemption of the 9.50% subordinated notes due 2006 and the 8.25% subordinated notes due 2002 totaled approximately $12.0 million ($7.3 million after tax), which is reflected as an extraordinary loss, net of tax in the consolidated statements of income for the year ended December 31, 2001.

Our scheduled maturities of long-term debt as well as our lease commitments under noncancellable operating leases as of December 31, 2001 are as follows (in millions):

	2002	2003	2004	2005	2006	Thereafter	Total
Long-term debt maturities	$ 129.5	$ 153.5	$ 278.4	$ 629.3	$ 167.5	$ 1,065.2	$ 2,423.4
Operating lease commitments	63.8	55.0	49.2	34.4	54.2	77.5	334.1
Total	$ 193.3	$ 208.5	$ 327.6	$ 663.7	$ 221.7	$ 1,142.7	$ 2,757.5

In addition, we typically enter into agreements with our customers at the beginning of a given vehicle's life for the fulfillment of our customers' purchasing requirements for the entire production life of the vehicle, with terms of up to 10 years. Prior to being formally awarded a program, we work closely with our customers in the early stages of designing and engineering a vehicle's interior systems. The failure to complete the design and engineering work related to a vehicle's interior systems, or to fulfill a customer's contract, could adversely affect our business.

In November 2000, we entered into the ABS facility which provides for maximum purchases of adjusted accounts receivable of $300 million, of which $261 million were purchased as of December 31, 2001. In November 2001, the ABS facility was amended to extend the termination date to November 2002 and to accommodate reductions in the credit ratings of our three largest customers, whose receivable are transferred to the ABS facility, as well as recent declines in automotive production volumes. As a result, our utilization of the ABS facility in the future may be lower than in prior periods. In addition, should our customers experience further reductions in their credit ratings, we may be unable to utilize the ABS facility in the future. Should this occur, we would seek to utilize other available credit facilities to replace the funding currently provided by the ABS facility. During 2001, our utilization of the ABS facility versus other available credit facilities resulted in a savings of approximately $2 million.

In addition, several of our European subsidiaries factor their accounts receivable with financial institutions subject to limited recourse provisions. The amount of such factored receivables, which is not included in accounts receivable, was $184 million and $212 million as of December 31, 2001 and 2000, respectively.

In March 2000, our Board of Directors approved a share repurchase program, authorizing the repurchase of up to an additional 6.7 million shares of our outstanding common stock over a 24-month period. In 2000, we repurchased 3,352,100 shares of our outstanding common stock at an average purchase price of $23.24. In 1999, we repurchased 500,000 shares of our outstanding common stock at an average purchase price of $30.47. We did not repurchase any shares of our outstanding common stock in 2001.

We believe that cash flows from operations and available credit facilities will be sufficient to meet our anticipated debt service obligations, projected capital expenditures and working capital requirements. However, our operating cash flows and borrowing availability are subject to the risks and uncertainties identified under "— Overview," "— Forward-Looking Statements" and "— Risk Factors."

Market Risk Sensitivity

In the normal course of business, we are exposed to market risk associated with fluctuations in foreign exchange rates and interest rates. We manage these risks through the use of derivative financial instruments in accordance with management's guidelines. We enter into all hedging transactions for periods consistent with the underlying exposures. We do not enter into derivative instruments for trading purposes.

Foreign Exchange. Operating results may be impacted by our buying, selling and financing in currencies other than the functional currency of our operating companies ("transactional exposure"). We mitigate this risk by entering into foreign currency forward, swap and option contracts. The foreign currency contracts are executed with banks that we believe are creditworthy. The gains and losses relating to the foreign currency contracts are deferred and included in the measurement of the foreign currency transaction subject to the hedge. Any gain or loss incurred related to a foreign currency contract is generally offset by the direct effects of currency movements on the underlying transactions.

Our most significant foreign currency transactional exposures relate to Mexico, Canada and the European Monetary Union. We have performed a quantitative analysis of our overall currency rate exposure as of December 31, 2001. The potential adverse earnings impact from a hypothetical 10% weakening of the U.S. dollar relative to all other currencies for calendar year 2002 is approximately $4 million.

As of December 31, 2001, contracts representing $1.0 billion of notional amount were outstanding with maturities of less than one year. The fair value of these foreign exchange contracts as of December 31, 2001 was approximately a positive $15 million. A 10% change in exchange rates would result in a $35 million change in market value.

There are certain shortcomings inherent to the sensitivity analysis presented. The analysis assumes that all currencies would uniformly strengthen or weaken relative to the U.S. dollar. In reality, some currencies may weaken while others may strengthen causing the earnings impact to increase or decrease depending on the currency and the direction of the rate movement.

In addition to the above transactional exposure, our operating results are impacted by the translation of our foreign operating income into U.S. dollars ("translation exposure"). We do not enter into foreign currency contracts to mitigate this exposure.

Interest Rates. We use a combination of fixed and variable rate debt and interest rate swap contracts to manage our exposure to interest rate movements. Our exposure to variable interest rates on outstanding floating rate debt instruments indexed to U.S. or European Monetary Union short-term money market rates is partially managed by the use of interest rate swap agreements to convert variable rate debt to fixed rate debt, matching effective and maturity dates to specific debt instruments. These interest rate derivative contracts are executed with banks that we believe are creditworthy and are denominated in currencies that match the underlying debt instrument. Net interest payments or receipts from interest rate swaps are recorded as adjustments to interest expense in our consolidated statements of income on an accrual basis.

We have performed a quantitative analysis of our overall interest rate exposure as of December 31, 2001. This analysis assumes an instantaneous 100 basis point parallel shift in interest rates at all points of the yield curve. The potential adverse earnings impact from this hypothetical increase for calendar year 2002 is approximately $6 million.

As of December 31, 2001, contracts representing $1.0 billion of notional amount were outstanding with maturity dates of March 2002 through May 2005. The fair value of these interest rate swap agreements is subject to changes in value due to changes in interest rates. The fair value of outstanding interest rate swap agreements as of December 31, 2001 was approximately a negative $31 million. A 100 basis point parallel increase in interest rates would increase the market value of these instruments by approximately $5 million. A decrease in interest rates of the same magnitude would result in a $5 million decline in market value.

Additional information relating to our outstanding financial instruments is included in Note 8, “Long-Term Debt,” and Note 14, “Financial Instruments,” to the consolidated financial statements included in this Report.

Other Matters

Environmental Matters
We are subject to local, state, federal and foreign laws, regulations and ordinances, which govern activities or operations that may have adverse environmental effects and which impose liability for the costs of cleaning up certain damages resulting from past spills, disposal or other releases of hazardous wastes and environmental compliance. Our policy is to comply with all applicable environmental laws and to maintain procedures to ensure compliance. However, we have been, and in the future may become, the subject of formal or informal enforcement actions or procedures.

We have been named as a potentially responsible party at several third party landfill sites and are engaged in the cleanup of hazardous wastes at certain sites owned, leased or operated by us, including several properties acquired in the UT Automotive acquisition. Certain present and former properties of UT Automotive are subject to environmental liabilities which may be significant. We obtained agreements and indemnities with respect to possible environmental liabilities from United Technologies Corporation in connection with our acquisition of UT Automotive. While we do not believe that the environmental liabilities associated with our properties will have a material adverse effect on our business, consolidated financial position or results of future operations, no assurances can be given in this regard.

Significant Accounting Policies
Our significant accounting policies are more fully described in Note 2, “Summary of Significant Accounting Policies,” to the consolidated financial statements included in this Report and include:

Pre-Production Costs Related to Long-Term Supply Arrangements. We incur pre-production engineering, research and development (“ER&D”) and tooling costs related to the products produced for our customers under long-term supply agreements. Prior to January 1, 2000, we capitalized these costs when reimbursable from the customer and amortized them over the term of the related supply agreement. On January 1, 2000, we prospectively adopted the provisions of Emerging Issues Task Force (“EITF”) Issue No. 99-5, “Accounting for Pre-Production Costs Related to Long-Term Supply Agreements.” As a result, beginning January 1, 2000, we expensed all pre-production ER&D costs for products to be supplied under long-term supply agreements for which reimbursement was not contractually guaranteed by our customer. In addition, we expensed all pre-production tooling costs for products to be supplied under long-term supply agreements related to customer-owned tools for which reimbursement was not contractually guaranteed by our customer or for which the customer had not provided a noncancellable right to use the tooling. During 2001 and 2000, we capitalized $130 million and $170 million, respectively, of pre-production ER&D costs for products to be supplied under long-term supply agreements for which reimbursement is contractually guaranteed by our customer. In addition, during 2001 and 2000, we capitalized $174 million and $410 million, respectively, of pre-production tooling costs for products to be supplied under long-term supply agreements related to Company-owned tools as well as customer-owned tools for which reimbursement is contractually guaranteed by our customer or for which our customer had provided a noncancellable right to use. A change in the commercial arrangements

affecting any of our significant programs that would require us to expense ER&D or tooling costs that we currently capitalize under EITF Issue No. 99-5 could have a material adverse impact on our reported results of operations.

Revenue Recognition and Sales Commitments. We recognize revenues as our products are shipped to our customers. We enter into agreements with our customers at the beginning of a given vehicle's life. Once we enter into such agreements, fulfillment of our customers' purchasing requirements is our obligation for the entire production life of the vehicle, with terms of up to 10 years. These agreements generally may be terminated by our customer (but not by us) at any time, but in general are not. In certain instances, we may be committed under existing agreements to supply product to our customers at selling prices which are not sufficient to cover the direct cost to produce such product. In such situations, we record a liability for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and are recorded at the minimum amount necessary to fulfill our obligations to our customers. Losses are determined on a separate agreement basis and are estimated based upon information available at the time of the estimate, including future production volume estimates, the length of the program and selling price and production cost information. On a quarterly basis, we evaluate the adequacy of the loss contract accruals recorded and make adjustments as necessary.

During 2000, we recorded loss contract accruals in purchase accounting in conjunction with the Lear-Donnelly acquisition, the UT Automotive acquisition and the Peregrine acquisition. In addition, we had previously recorded a loss contract accrual in purchase accounting in conjunction with the Delphi acquisition. These loss contract accruals were not recorded in the historical operating results of Lear-Donnelly, UT Automotive, Peregrine or Delphi. The losses included in the accrual have not been, and will not be, included in our operating results since the respective acquisition dates. Further, our future operating results will benefit from accruing these contract losses in the related purchase price allocations. The following table summarizes the loss contract accrual activity related to these acquisitions (in millions):

	Original Accrual	Adjustments	Utilized	Accrual at Dec. 31, 2001
Lear-Donnelly	$ 8.7	$ —	$ (6.6)	$ 2.1
UT Automotive	19.7	—	(11.5)	8.2
Peregrine	18.4	—	(15.1)	3.3
Delphi	53.3	(1.3)	(36.3)	15.7

We utilized $23.5 million, $31.2 million and $16.1 million of the loss contract accruals to offset losses in 2001, 2000 and 1999, respectively. The estimated utilization of the aggregate loss contract accrual is $20.3 million, $7.4 million and $1.6 million for 2002, 2003 and 2004, respectively.

Use of Estimates. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Generally, assets and liabilities subject to estimation and judgment include amounts related to unsettled pricing discussions with customers and suppliers, loss contract accruals, warranty accruals, pension and other postretirement costs, plant consolidation and reorganization reserves, self-insurance accruals, asset valuation reserves and accruals related to litigation and environmental remediation costs. Management does not believe that the ultimate settlement of any such assets or liabilities will materially affect our financial position or results of future operations.

Recently Issued Accounting Pronouncements

Business Combinations. The Financial Accounting Standards Board ("FASB") has issued SFAS No. 141, "Business Combinations;" the provisions of which apply to all business combinations initiated after June 30, 2001. This statement requires that all business combinations be accounted for under the purchase method. In addition, this statement requires the separate recognition of certain intangible assets.

Goodwill and Other Intangible Assets. The FASB has issued SFAS No. 142, "Goodwill and Other Intangible Assets," which is effective for fiscal years beginning after December 15, 2001. Under this statement, goodwill will no longer be amortized but will be subject to impairment analysis. Goodwill amortization for the year ended December 31, 2001 was $90 million. We are currently assessing the potential impact of SFAS No. 142 related to the impairment analysis of goodwill.

Asset Retirement Obligations. The FASB has issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is effective for fiscal years beginning after June 15, 2002. This statement requires that the fair value of a liability for an asset retirement

obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. We do not expect the effects of adoption to be significant.

Impairment or Disposal of Long-Lived Assets. The FASB has issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001. This statement addresses the financial accounting and reporting for the impairment of or disposal of long-lived assets. We do not expect the effects of adoption to be significant.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," and "estimates," and similar expressions identify these forward-looking statements. All statements contained or incorporated in the Report which address operating performance, events or developments that we expect or anticipate may occur in the future, including statements related to volume growth, awarded sales contracts and earning per share growth or statements expressing general optimism about future operating results, are forward-looking statements. Principal important factors, risks and uncertainties that may cause actual results to differ from those expressed in our forward-looking statements are, including but not limited to:

- general economic conditions in the market in which we operate,
- fluctuation in worldwide or regional automotive and light truck production,
- financial or market declines of our customers,
- labor disputes involving us or our significant customers,
- changes in practices and/or policies of our significant customers toward outsourcing automotive components and systems,
- our success in achieving cost reductions that offset or exceed customer-mandated selling price reductions,
- liabilities arising from legal proceedings to which we are or may become a party or claims against us or our products,
- increases in our warranty costs,
- fluctuations in currency exchange rates,
- changes in technology and technological risks,
- adverse changes in economic conditions or political instability in the jurisdictions in which we operate,
- raw materials shortages and
- other risks, described below in "— Risk Factors" below and from time to time in our other Securities and Exchange Commission filings.

We do not assume any obligation to update any of these forward-looking statements.

Risk Factors

- **A decline in automotive sales would reduce our sales and could harm our profitability and thereby make it more difficult to make payments under our indebtedness and lead to a decline in the value of our common stock.**
  Our operations are directly related to automotive vehicle production. Automotive sales and production are cyclical and can be affected by the strength of a country's general economy. In addition, automotive sales and production can be affected by labor relations issues, regulatory requirements, trade agreements and other factors. Automotive production in North America and Western Europe has declined from 33.2 million in 1999 to 32.0 in 2001 and is expected to decline between 2% and 6% in 2002. This decline in automotive sales and production resulted in a decline in our business and profitability in 2001. Our recent restructuring actions are intended to align our capacity with lower production levels. Significant deterioration beyond the expected production levels, however, could have a negative impact on our sales, net income and other results of operations.
- **The loss in business from a major customer or the discontinuation of a particular automobile model could reduce our sales and harm our profitability, which could make it more difficult for us to make payments under our indebtedness and lead to a decline in the value of our common stock.**
  General Motors and Ford and their respective affiliates, the two largest automotive manufacturers in the world, together accounted for approximately 60% of our net sales in 2001. A loss of significant business from General Motors or Ford could be harmful to our business and our profitability, thereby making it more difficult for us to make payments under our indebtedness and leading to a decline in the value of our common stock. Although we have purchase orders from many of our customers, these purchase orders generally provide for the supply of a customer's annual requirements for a particular model and assembly plant, renewable on a year-to-year basis, rather than for the purchase of a specific quantity of products. The loss of business with respect to a significant automobile model could have a material adverse effect on our business and profitability. In this regard, we have been notified by a significant customer that it intends to discontinue and relocate production of a particular vehicle model from Europe to North America. The discontinuation of this vehicle's production in Europe could require us to write-off non-recoverable program costs and lead to a decline in our profitability. We have, however, entered into commercial negotiations with the customer regarding these issues.

There is substantial and continuing pressure from automotive manufacturers to reduce costs, including costs associated with outside suppliers such as us. No assurances can be given with respect to our ability to improve or maintain our profitability in light of these substantial and continuing pressures.

- **Our substantial international operations make us vulnerable to risks associated with doing business in foreign countries.**
  As a result of our business strategy, which includes plans for continued global expansion of operations, a significant portion of our revenues and expenses are denominated in currencies other than U.S. dollars. In addition, we have manufacturing and distribution facilities in many foreign countries. International operations are subject to certain risks inherent in doing business abroad, including:
  - exposure to local economic conditions;
  - expropriation and nationalization;
  - currency exchange rate fluctuations and currency controls;
  - withholding and other taxes on remittances and other payments by subsidiaries;
  - investment restrictions or requirements; and
  - export and import restrictions.

  The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable but may have a material adverse effect on our business and our profitability, which would make it more difficult for us to make payments under our indebtedness and lead to a decline in the value of our common stock.
- **A significant labor dispute involving us or one or more of our major customers could materially reduce our sales and harm our profitability, thereby making it more difficult for us to make payments under our indebtedness and lead to a decline in the value of our common stock.**
  Approximately 75% of our employees, and a substantial number of employees of most of our customers, are members of industrial trade unions and are employed under the terms of collective bargaining agreements. Virtually all of our unionized facilities in the United States and Canada have a separate agreement with the union that represents the workers at such facilities, with each such agreement having an expiration date that is independent of other collective bargaining agreements. Collective bargaining agreements covering approximately one-quarter of our unionized workforce of approximately 87,000 employees are scheduled to expire in 2002. A labor dispute involving us or any of our major customers, or the inability by us or any of our major customers to negotiate an extension of a collective bargaining agreement covering a large number of employees upon its expiration, could materially reduce our sales and harm our profitability, thereby making it more difficult for us to make payments under our indebtedness and lead to a decline in the value of our common stock. Significant increases in labor costs as a result of the renegotiation of collective bargaining agreements could also adversely impact our business and profitability.
- **We have a substantial amount of debt, which may harm our financial condition and require us to use a significant portion of our cash flow to satisfy our debt obligations.**
  We have debt that is greater than our stockholders' equity and a significant portion of our cash flow from operations will be used to satisfy our debt obligations. In addition, we may incur additional debt in the future. For the year ended December 31, 2001, our consolidated interest expense was $255 million. Our primary credit facilities provide for scheduled term loan repayments of $125 million in 2002, $150 million in 2003 and $75 million in 2004. Therefore, a downturn in our business could limit our ability to make payments under our indebtedness. Our indebtedness could also:
  - increase our vulnerability to general adverse economic and industry conditions;
  - limit our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to payments of our indebtedness;
  - limit our ability to obtain other financing to fund future working capital, acquisitions, capital expenditures, research and development costs and other general corporate requirements;
  - limit our ability to take advantage of business opportunities as a result of various restrictive covenants in our indebtedness; and
  - place us at a competitive disadvantage compared to our main competitors that have less debt.

- **Because a significant portion of our borrowings bear interest at variable rates, an increase in interest rates would reduce our profitability and make it more difficult for us to make payments under our indebtedness.**
  Since a significant portion of our borrowings bear interest at variable rates, we will be vulnerable to increases in interest rates, which would reduce our profitability and make it more difficult for us to make payments under our indebtedness. In addition, we may be able to incur additional variable-rate indebtedness in the future.
- **We will depend upon cash from our subsidiaries and therefore, if we do not receive dividends or other distributions from our subsidiaries, it will be more difficult for us to make payments under our indebtedness.**
  A substantial portion of our revenue and operating income is generated by our wholly-owned subsidiaries. Accordingly, we will be dependent on the earnings and cash flow of, and dividends and distributions or advances from, our subsidiaries to provide the funds necessary to meet our debt service obligations. Our obligations under our primary credit facilities and senior notes are currently guaranteed by certain of our subsidiaries, but such guarantees may be released under certain circumstances.

ITEM 8 — CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Public Accountants

To Lear Corporation:

We have audited the accompanying consolidated balance sheets of LEAR CORPORATION AND SUBSIDIARIES ("the Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan,
January 28, 2002 (except with respect to the matter discussed in Note 8,
as to which the date is February 14, 2002).

CONSOLIDATED BALANCE SHEETS
LEAR CORPORATION AND SUBSIDIARIES
(In millions, except share data)

December 31,	2001	2000
Assets		
Current Assets:		
Cash and cash equivalents	$ 87.6	$ 98.8
Accounts receivable, net of reserves of $26.7 in 2001 and $28.6 in 2000	1,392.8	1,639.0
Inventories	440.3	538.8
Recoverable customer engineering and tooling	191.6	273.2
Other	254.5	278.2
Total current assets	2,366.8	2,828.0
Long-Term Assets:		
Property, plant and equipment, net	1,715.7	1,891.3
Goodwill, net	3,139.5	3,266.6
Other	357.2	389.6
Total long-term assets	5,212.4	5,547.5
	$ 7,579.2	$ 8,375.5
Liabilities and Stockholders' Equity		
Current Liabilities:		
Short-term borrowings	$ 63.2	$ 72.4
Accounts payable and drafts	1,982.9	2,174.0
Accrued liabilities	1,007.2	969.6
Current portion of long-term debt	129.5	155.6
Total current liabilities	3,182.8	3,371.6
Long-Term Liabilities:		
Long-term debt	2,293.9	2,852.1
Other	543.4	551.0
Total long-term liabilities	2,837.3	3,403.1
Stockholders' Equity:		
Common stock, par value $.01 per share, 150,000,000 shares authorized and 68,615,667 and 67,916,682 shares issued at December 31, 2001 and 2000, respectively	.7	.7
Additional paid-in capital	888.3	874.1
Notes receivable from sale of common stock	(.1)	(.1)
Common stock held in treasury, 4,362,330 shares at December 31, 2001 and 2000, at cost	(111.4)	(111.4)
Retained earnings	1,062.8	1,036.5
Accumulated other comprehensive loss	(281.2)	(199.0)
Total stockholders' equity	1,559.1	1,600.8
	$ 7,579.2	$ 8,375.5

The accompanying notes are an integral part of these consolidated balance sheets.

CONSOLIDATED STATEMENTS OF INCOME
LEAR CORPORATION AND SUBSIDIARIES
(In millions, except per share data)

For the year ended December 31,	2001	2000	1999
Net sales	$ 13,624.7	$ 14,072.8	$ 12,428.8
Cost of sales	12,589.9	12,622.7	11,155.2
Selling, general and administrative expenses	514.2	524.8	483.7
Amortization of goodwill	90.2	89.9	76.6
Interest expense	254.7	316.2	235.1
Other expense, net	65.3	35.0	35.2
Income before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates and extraordinary loss	110.4	484.2	443.0
Provision for national income taxes	68.7	197.3	174.0
Minority interests in consolidated subsidiaries	11.5	13.9	7.6
Equity in net (income) loss of affiliates	(4.0)	(1.7)	4.3
Income before extraordinary loss	34.2	274.7	257.1
Extraordinary loss, net of tax	7.9	—	—
Net income	$ 26.3	$ 274.7	$ 257.1
Basic net income per share			
Income before extraordinary loss	$ .53	$ 4.21	$ 3.84
Extraordinary loss	.12	—	—
Basic net income per share	$ .41	$ 4.21	$ 3.84
Diluted net income per share			
Income before extraordinary loss	$ .52	$ 4.17	$ 3.80
Extraordinary loss	.12	—	—
Diluted net income per share	$ .40	$ 4.17	$ 3.80

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
LEAR CORPORATION AND SUBSIDIARIES
(In millions, except share data)

December 31,	2001	2000	1999
Common Stock			
Balance at beginning and end of period	$ .7	$ .7	$ .7
Additional Paid-in Capital			
Balance at beginning of period	$ 874.1	$ 870.2	$ 859.3
Stock options exercised	10.1	2.1	7.7
Tax benefit of stock options exercised	4.1	1.1	3.2
Put options issuance	—	.7	—
Balance at end of period	$ 888.3	$ 874.1	$ 870.2
Notes Receivable from Sale of Common Stock			
Balance at beginning and end of period	$ (.1)	$ (.1)	$ (.1)
Treasury Stock			
Balance at beginning of period	$ (111.4)	$ (33.5)	$ (18.3)
Purchases, 3,352,100 shares at an average price of $23.24 per share in 2000 and 500,000 shares at an average price of $30.47 per share in 1999	—	(77.9)	(15.2)
Balance at end of period	$ (111.4)	$ (111.4)	$ (33.5)
Retained Earnings			
Balance at beginning of period	$ 1,036.5	$ 761.8	$ 504.7
Net income	26.3	274.7	257.1
Balance at end of period	$ 1,062.8	$ 1,036.5	$ 761.8
Accumulated Other Comprehensive Loss			
Minimum Pension Liability Balance at beginning of period	$ (.9)	$ (5.7)	$ (11.8)
Minimum pension liability adjustment	(12.1)	4.8	6.1
Balance at end of period	$ (13.0)	$ (.9)	$ (5.7)
Derivative Instruments and Hedging Activities Balance at beginning of period	$ —	$ —	$ —
Derivative instruments and hedging activities adjustments	(13.1)	—	—
Balance at end of period	$ (13.1)	$ —	$ —
Cumulative Translation Adjustments Balance at beginning of period	$ (198.1)	$ (128.1)	$ (34.5)
Cumulative translation adjustments	(57.0)	(70.0)	(93.6)
Balance at end of period	$ (255.1)	$ (198.1)	$ (128.1)
Accumulated other comprehensive loss	$ (281.2)	$ (199.0)	$ (133.8)
Total Stockholders' Equity	$ 1,559.1	$ 1,600.8	$ 1,465.3
Comprehensive Income (Loss)			
Net income	$ 26.3	$ 274.7	$ 257.1
Minimum pension liability adjustment, net of tax of $7.6, $(2.5) and $(4.4) in 2001, 2000 and 1999, respectively	(12.1)	4.8	6.1
Derivative instruments and hedging activities adjustments	(13.1)	—	—
Cumulative translation adjustments	(57.0)	(70.0)	(93.6)
Comprehensive Income (Loss)	$ (55.9)	$ 209.5	$ 169.6

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
LEAR CORPORATION AND SUBSIDIARIES
(In millions)

For the year ended December 31,	2001	2000	1999
Cash Flows from Operating Activities:			
Net income	$ 26.3	$ 274.7	$ 257.1
Adjustments to reconcile net income to net cash provided by operating activities-			
Extraordinary loss, net of tax	7.9	—	—
Net gain on disposition of businesses	(1.2)	(16.8)	—
Loss on write-down of other assets to net realizable value	3.1	—	—
Depreciation and amortization of goodwill	392.2	392.2	340.9
Recoverable customer engineering and tooling, net	110.3	23.5	(133.5)
Net change in working capital items	46.9	76.3	139.3
Other, net	(16.4)	3.2	(43.5)
Net cash provided by operating activities before proceeds from sales of receivables	569.1	753.1	560.3
Proceeds from sales of receivables	260.7	—	—
Net cash provided by operating activities	829.8	753.1	560.3
Cash Flows from Investing Activities:			
Additions to property, plant and equipment	(267.0)	(322.3)	(391.4)
Cost of acquisitions, net of cash acquired	—	(11.8)	(2,478.6)
Net proceeds from disposition of businesses and other assets	50.6	116.9	310.0
Other, net	15.3	(7.9)	21.8
Net cash used in investing activities	(201.1)	(225.1)	(2,538.2)
Cash Flows from Financing Activities:			
Issuance of senior notes	223.4	—	1,400.0
Repayments of subordinated notes	(345.5)	—	—
Long-term revolving credit borrowings (repayments), net	(451.0)	(307.8)	572.5
Other long-term repayments, net	(4.0)	(56.2)	(38.3)
Short-term borrowings (repayments), net	(8.0)	(32.1)	17.3
Proceeds from sale of common stock	10.1	2.1	7.7
Purchase of treasury stock	—	(77.9)	(15.2)
Increase (decrease) in drafts	(70.5)	(52.6)	118.8
Other, net	—	.7	(24.8)
Net cash provided by (used in) financing activities	(645.5)	(523.8)	2,038.0
Effect of foreign currency translation	5.6	(12.3)	16.8
Net Change in Cash and Cash Equivalents	(11.2)	(8.1)	76.9
Cash and Cash Equivalents at Beginning of Year	98.8	106.9	30.0
Cash and Cash Equivalents at End of Year	$ 87.6	$ 98.8	$ 106.9
Changes in Working Capital, Net of Effects of Acquisitions:			
Accounts receivable, net	$ (73.2)	$ 157.4	$ (91.9)
Inventories	76.0	.8	(57.2)
Accounts payable	(56.9)	74.1	310.1
Accrued liabilities and other	101.0	(156.0)	(21.7)
Net change in working capital items	$ 46.9	$ 76.3	$ 139.3
Supplementary Disclosure:			
Cash paid for interest	$ 267.5	$ 333.4	$ 218.1
Cash paid for income taxes, net of refunds received of $36.1, $65.8 and $15.0 in 2001, 2000 and 1999, respectively	$ 63.4	$ 32.1	$ 152.9

The accompanying notes are an integral part of these consolidated statements.

(1) Basis of Presentation

The consolidated financial statements include the accounts of Lear Corporation ("Lear" or the "Parent"), a Delaware corporation, and the wholly-owned and majority-owned subsidiaries controlled by Lear (collectively, the "Company"). Investments in affiliates, other than wholly-owned and majority-owned subsidiaries controlled by Lear, in which Lear owns a 20% or greater interest are accounted for under the equity method (Note 6).

The Company and its affiliates are involved in the design and manufacture of interior systems and components for automobiles and light trucks. The Company's main customers are automotive original equipment manufacturers. The Company operates facilities worldwide (Note 13).

(2) Summary of Significant Accounting Policies

Inventories
Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. Inventories are comprised of the following (in millions):

December 31,	2001	2000
Raw materials	$ 286.0	$ 322.1
Work-in-process	51.2	68.9
Finished goods	103.1	147.8
Inventories	$ 440.3	$ 538.8

Pre-Production Costs Related to Long-Term Supply Arrangements
The Company incurs pre-production engineering, research and development ("ER&D") and tooling costs related to the products produced for its customers under long-term supply agreements. Prior to January 1, 2000, the Company capitalized these costs when reimbursable from the customer and amortized them over the term of the related supply agreement. On January 1, 2000, the Company prospectively adopted the provisions of Emerging Issues Task Force ("EITF") Issue No. 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Agreements." As a result, beginning January 1, 2000, the Company expensed all pre-production ER&D costs for products to be supplied under long-term supply agreements for which reimbursement was not contractually guaranteed by the customer. In addition, the Company expensed all pre-production tooling costs for products to be supplied under long-term supply agreements related to customer-owned tools for which reimbursement was not contractually guaranteed by the customer or for which the customer had not provided a noncancellable right to use the tooling. During 2001 and 2000, the Company capitalized $129.9 million and $170.1 million, respectively, of pre-production ER&D costs for products to be supplied under long-term supply agreements for which reimbursement is contractually guaranteed by the customer. In addition, during 2001 and 2000, the Company capitalized $173.5 million and $410.0 million, respectively, of pre-production tooling costs for products to be supplied under long-term supply agreements related to Company-owned tools as well as customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the customer had provided a noncancellable right to use. A change in the commercial arrangements affecting any of the Company's significant programs that would require the Company to expense ER&D or tooling costs that it currently capitalizes under EITF Issue No. 99-5 could have a material adverse impact on the Company's reported results of operations.

Property, Plant and Equipment
Property, plant and equipment is stated at cost. Depreciable property is depreciated over the estimated useful lives of the assets, using principally the straight-line method as follows:

Buildings and improvements	20 to 25 years
Machinery and equipment	5 to 15 years

A summary of property, plant and equipment is shown below (in millions):

December 31,	2001	2000
Land	$ 105.5	$ 106.6
Buildings and improvements	571.6	592.7
Machinery and equipment	1,951.9	1,796.5
Construction in progress	26.3	183.8
Total property, plant and equipment	2,655.3	2,679.6
Less — accumulated depreciation	(939.6)	(788.3)
Net property, plant and equipment	$ 1,715.7	$ 1,891.3

Goodwill
Goodwill is amortized on a straight-line basis over 40 years. Accumulated amortization of goodwill amounted to $452.9 million and $366.8 million at December 31, 2001 and 2000, respectively. The Company evaluates the carrying value of goodwill for potential impairment if the facts and circumstances of the operations to which goodwill relates suggest that the goodwill may be impaired. Such evaluations consider significant declines in sales, earnings or cash flows or material adverse changes in the business climate. If any impairment were indicated based on a review of undiscounted cash flows, the Company would measure such impairment by comparing the discounted cash flows of the business to the book value of the business, including goodwill.

The FASB has issued SFAS No. 142, “Goodwill and Other Intangible Assets,” which is effective for fiscal years beginning after December 15, 2001. Under this statement, goodwill will no longer be amortized but will be subject to annual impairment analysis. Goodwill amortization for the year ended December 31, 2001 was $90.2 million. The Company is currently assessing the potential impact of SFAS No. 142 related to the impairment analysis of goodwill.

Long-Term Assets
The Company reevaluates the carrying values of its long-term assets whenever circumstances arise which call into question the recoverability of such carrying values. The evaluation takes into account all future estimated cash flows from the use of the assets, with an impairment being recognized if the evaluation indicates that the undiscounted future cash flows will not be greater than the carrying value. An impairment charge of $51.9 million was recognized in 2001 in connection with the restructuring charges (Note 5).

Revenue Recognition and Sales Commitments
The Company recognizes revenue as its products are shipped to its customers. The Company enters into agreements with its customers to produce products at the beginning of a given vehicle’s life. Once such agreements are entered into by the Company, fulfillment of the customers’ purchasing requirements is the obligation of the Company for the entire production life of the vehicle, with terms of up to 10 years. These agreements generally may be terminated by the customer (but not by the Company) at any time, but in general are not. In certain instances, the Company may be committed under existing agreements to supply product to its customers at selling prices which are not sufficient to cover the direct cost to produce such product. In such situations, the Company records a liability for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and are recorded at the minimum amount necessary to fulfill the Company’s obligations to its customer. Losses are determined on a separate agreement basis and are estimated based upon information available at the time of the estimate, including future production volume estimates, length of the program and selling price and production cost information. On a quarterly basis, the Company evaluates the adequacy of the loss contract accruals recorded and makes adjustments as necessary.

Research and Development
Costs incurred in connection with the development of new products and manufacturing methods to the extent not recoverable from the Company’s customers are charged to selling, general and administrative expenses as incurred. These costs amounted to $198.6 million, $208.7 million and $181.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Foreign Currency Translation
With the exception of foreign subsidiaries operating in highly inflationary economies, which are measured in U.S. dollars, assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at the end of the period. Revenues and expenses of foreign subsidiaries are translated using an average of exchange rates in effect during the period. Translation adjustments that arise from translating a foreign subsidiary's financial statements from the functional currency to U.S. dollars are reflected in accumulated other comprehensive loss in the consolidated balance sheets.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, except those transactions which operate as a hedge of a foreign currency investment position, are included in the results of operations as incurred.

Net Income Per Share
Basic net income per share is computed using the weighted average common shares outstanding during the period. Diluted net income per share is computed using the average share price during the period when calculating the dilutive effect of common stock equivalents. Options to purchase 3,324,075 shares, 2,500,253 shares and 760,950 shares of common stock of the Company at exercise prices ranging from $35.93 to $54.22 and $25.53 to $54.22 and at an exercise price of $54.22 were outstanding during 2001, 2000 and 1999, respectively, but were not included in the computation of diluted shares outstanding, as inclusion would have resulted in antidilution. Shares outstanding were as follows:

For the Year Ended December 31,	2001	2000	1999
Weighted average common shares outstanding	63,977,391	65,176,499	66,922,844
Dilutive effect of common stock equivalents	1,327,643	664,465	820,308
Diluted shares outstanding	65,305,034	65,840,964	67,743,152

Use of Estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Generally, assets and liabilities subject to estimation and judgment include amounts related to unsettled pricing discussions with customers and suppliers, loss contract accruals, warranty accruals, pension and other postretirement costs (Note 10), plant consolidation and reorganization reserves (Note 5), self-insurance accruals, asset valuation reserves and accruals related to litigation and environmental remediation costs. Management does not believe that the ultimate settlement of any such assets or liabilities will materially affect the Company's financial position or results of future operations.

Reclassifications
Certain amounts in prior years' financial statements have been reclassified to conform to the presentation used in the year ended December 31, 2001.

(3) Acquisitions and Dispositions

2001 Dispositions
In March 2001, the Company completed the sale of its Spanish wire business for approximately $35.5 million. A gain on the sale of $12.4 million is included in other expense, net in the accompanying consolidated statement of income for the year ended December 31, 2001.

In December 2001, the Company completed the sales of a plastics molding facility in Sweden, an interior acoustics facility in the United States and the metal seat frame portion of a facility in Poland for approximately $5.9 million. The loss on these sales, when combined with favorable post-closing settlements on prior dispositions, was $11.2 million and is included in other expense, net in the accompanying consolidated statement of income for the year ended December 31, 2001.

The pro forma results of the Company, after giving effect to these dispositions, would not be materially different from reported results.

2000 Dispositions
In June 2000, the Company completed the sale of its sealants and foam rubber business for approximately $92.5 million. A gain on the sale of $36.6 million is included in other expense, net in the accompanying consolidated statement of income for the year ended December 31, 2000.

In December 2000, the Company completed the sale of four European plastic and metal manufacturing facilities for approximately $30.0 million, including the assumption of certain liabilities. A loss on the sale of $19.8 million is included in other expense, net in the accompanying consolidated statement of income for the year ended December 31, 2000.

The pro forma results of the Company, after giving effect to these dispositions, would not be materially different from reported results.

1999 Acquisitions and Dispositions
UT Automotive
In May 1999, the Company acquired UT Automotive, Inc., a wholly owned operating segment of United Technologies Corporation ("UT Automotive"), for approximately $2.3 billion, net of cash acquired, which was subsequently increased by $79.9 million to reflect a revised estimate of the working capital acquired. Funds for the UT Automotive acquisition were provided by borrowings under the Company's primary credit facilities. UT Automotive was a supplier of electrical, electronic, motor and interior products and systems to the global automotive industry. Headquartered in Dearborn, Michigan, UT Automotive had 1998 annual sales of approximately $3.0 billion, 44,000 employees and 90 facilities in 18 countries.

The UT Automotive acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed have been reflected in the accompanying consolidated balance sheets. The operating results of UT Automotive have been included in the consolidated financial statements of the Company since the date of acquisition. In 2000, the allocation of the purchase price was finalized, resulting in an increase in goodwill of $160.2 million. The increase was primarily due to the finalization of certain restructuring plans (Note 5), the finalization of pre-acquisition contingencies related to warranty and legal settlements and the revision of amounts recorded related to loss contracts that existed at the date of acquisition to provide products to customers at selling prices which were not sufficient to cover the direct costs to produce such products. The final purchase price and related allocation are as follows (in millions):

Consideration paid to former owner, net of cash acquired of $83.5 million	$ 2,296.4
Debt assumed	9.0
Estimated fees and expenses	8.2
Cost of acquisition	$ 2,313.6
Property, plant and equipment	$ 685.0
Value assigned to assets sold	310.0
Net working capital	(53.6)
Other assets purchased and liabilities assumed, net	(20.0)
Goodwill	1,392.2
Total cost allocation	$ 2,313.6

See Note 4 for pro forma financial information.

Other 1999 Acquisitions
In September 1999, the Company purchased Donnelly Corporation's fifty-percent interest in Lear-Donnelly Overhead Systems, L.L.C. ("Lear-Donnelly"), the joint venture in which the two automotive suppliers had been equal partners. Lear-Donnelly designed and manufactured overhead systems for the automotive industry, and its product line included headliners, sun visors, lighting and overhead consoles.

In April 1999, the Company purchased certain assets of Peregrine Windsor, Inc., a division of Peregrine Incorporated ("Peregrine"). Peregrine produced just-in-time seat assemblies and door panels for several General Motors models.

In February 1999, the Company purchased Polovat and the automotive business of Ovatex. Polovat and Ovatex supplied flooring and acoustic products for the automotive market. The acquired operations have three plants in Poland and two plants in Italy and employ more than 600 people.

The Lear-Donnelly, Peregrine, Polovat and Ovatex acquisitions were accounted for as purchases. The operating results of the acquired companies have been included in the consolidated financial statements of the Company since the date of each acquisition. The aggregate cash paid for these acquisitions was $134.5 million, with funds provided by borrowings under the Company's primary credit facilities (Note 8).

The pro forma results of the Company, after giving effect to these acquisitions, would not be materially different from reported results.

Electric Motor Systems
In June 1999, the Company completed the sale of Electric Motor Systems ("EMS") to Johnson Electric Holdings Limited for $310 million. The proceeds from this sale were used to reduce borrowings under the Company's primary credit facilities. Lear acquired the EMS business in conjunction with the acquisition of UT Automotive. The EMS business was sold for an amount that was approximately equal to the fair value which had been allocated to the EMS business at the date of acquisition. As such, no gain or loss on the sale was recognized. Although the sale of the EMS business qualified as a discontinued operation, the results of the EMS business operations during the ownership period were not material and are included in other expense, net.

See Note 4 for pro forma financial information.

(4) Pro Forma Financial Information

The following pro forma financial information is presented to illustrate the estimated effect of the Transactions, as if such Transactions had occurred as of January 1, 1999.

The Transactions are:

— the acquisition of UT Automotive;
— the sale of EMS and the application of the proceeds therefrom;
— the amendment and restatement of the Company's existing revolving credit facility in connection with the acquisition of UT Automotive;
— borrowings under the Company's new revolving credit facilities, which it entered into in May 1999, in connection with the acquisition of UT Automotive; and
— the offering and sale of the Company's 7.96% Senior Notes due 2005 and 8.11% Senior Notes due 2009 and the application of the net proceeds therefrom in May 1999.

(Unaudited; in millions, except per share data):

	For the Year Ended December 31, 1999					
	Lear Historical	UT Automotive Historical (1)	Operating and Financing Adjustments	Elimination of EMS Historical (2)	Operating and Financing Adjustments	Pro Forma
Net sales	$ 12,428.8	$ 1,091.1	$ —	$ (114.9)	$ —	$ 13,405.0
Net income	257.1	36.4	(42.6) (3)	(6.1)	6.1(4)	250.9
Basic net income per share	3.84					3.75
Diluted net income per share	3.80					3.70

(1) The UT Automotive historical information represents amounts derived from the unaudited results of operations for the period from January 1, 1999 through May 4, 1999, the date on which UT Automotive was acquired by the Company.

(2) The EMS historical information represents amounts derived from the unaudited results of operations for the period from January 1, 1999 through June 25, 1999, the date on which EMS was sold by the Company. The EMS business was sold for an amount that was approximately equal to the fair value which had been allocated to the EMS business at the date of acquisition. As such, no gain or loss on the sale was recognized.

(3) The Operating and Financing Adjustments that resulted from the acquisition of UT Automotive include:

Amortization of goodwill from the acquisition of UT Automotive (over 40 years)	$ (8.3)
Incremental interest expense incurred as a result of the acquisition of UT Automotive	(52.8)
Impact on tax provision due to incremental interest expense	18.5
Net impact of adjustments on net income	$ (42.6)

(4) The Operating and Financing Adjustments that resulted from the sale of EMS include:

Reduction of interest expense incurred as a result of the sale of EMS	$ 9.4
Impact on tax provision due to reduction of interest expense	(3.3)
Net impact of adjustments on net income	$ 6.1

The pro forma information above does not purport to be indicative of the results that actually would have been achieved if the Transactions had occurred on the date assumed and is not intended to be a projection of future results or trends.

(5) Restructuring and Other Charges

2001
In order to better align the Company's operations and capacity in response to reductions in global automotive production volumes, the Company began to implement a restructuring plan in the fourth quarter of 2001. This restructuring plan is designed to consolidate the Company's operations, provide operational efficiencies and improve the Company's long-term competitive position. As a result of this restructuring plan, the Company recorded pre-tax charges of $149.2 million, including $141.4 million recorded as cost of goods sold and $7.8 million recorded as selling, general and administrative expenses. These charges were incurred across all operating segments and reflect $71.2 million to consolidate the Company's North and South American operations and $78.0 million to consolidate the Company's European and Rest of World operations.

The consolidation of the North and South American operations includes the closure of ten manufacturing and three warehouse facilities in North America and three manufacturing facilities in South America. Several of these actions involve the relocation of business to improve factory utilization. The charges consist of severance costs of $32.2 million for 399 salaried and 3,092 hourly employees notified prior to December 31, 2001, asset impairment charges of $24.5 million to write-down assets to their fair value less disposal costs, lease cancellation costs of $6.0 million and other facility closure costs of $2.8 million. Certain of these amounts have been recorded net of estimated recoveries from third parties. Severance costs were recorded based on both completed negotiations and existing union and employee contracts. The fair value of assets was determined using both appraisals and cash flow analyses. Lease cancellation costs are expected to be paid through 2005. As of December 31, 2001, two of the manufacturing facilities were closed and 514 of the employees had been terminated. The majority of the remaining facility closures and terminations are expected to be completed in 2002.

The Company also implemented a plan to consolidate certain administrative functions and to reduce the U.S. salaried workforce. The Company recorded a charge of $5.7 million for severance costs for 229 employees notified prior to December 31, 2001. Severance costs were recorded based on both completed negotiations and existing employee contracts. As of December 31, 2001, 159 of the employees had been terminated. The remaining terminations are expected to be completed in 2002.

The consolidation of the European and Rest of World operations includes the closure of five manufacturing facilities. Several of these actions involve the relocation of business to improve factory utilization. The charges consist of severance costs of $25.3 million for 299 salaried and 3,991 hourly employees notified prior to December 31, 2001, asset impairment charges of $27.4 million to write-down assets to their fair value less disposal costs, lease cancellation costs of $.3 million and other facility closure costs of $6.8 million. Severance costs were recorded based on both completed negotiations and existing union and employee contracts. The fair value of assets was determined using both appraisals and cash flow analyses. As of December 31, 2001, one of the facilities was closed and 2,391 of the employees had been terminated. The majority of the remaining facility closures and terminations are expected to be completed in 2002.

The majority of the European countries in which the Company operates have statutory requirements with regard to minimum severance payments which must be made to employees upon termination. The Company recorded a charge of $14.9 million for severance costs for 150 salaried employees and 1,356 hourly employees in one country under SFAS No. 112, "Employers' Accounting for Postemployment Benefits," as the Company anticipates this to be the minimum aggregate severance payments that will be made in accordance with statutory requirements. These employees are expected to be terminated in 2002.

The Company also implemented a plan to consolidate certain administrative functions and to reduce the European salaried workforce. The Company recorded a charge of $3.3 million for severance costs for 70 employees notified prior to December 31, 2001. Severance costs were recorded based on both completed negotiations and existing employee contracts. As of December 31, 2001, two of the employees had been terminated. The remaining terminations are expected to be completed in 2002.

The following table summarizes the 2001 restructuring charges (in millions):

	Original Provision	Utilized Cash	Utilized Noncash	Accrual at Dec. 31, 2001
North and South America Operations Consolidation:				
Severance	$ 37.9	$ (4.3)	$ —	$ 33.6
Asset impairments	24.5	—	(24.5)	—
Lease cancellation costs	6.0	(.1)	—	5.9
Other closure costs	2.8	(.2)	—	2.6
Europe and ROW Operations Consolidation:				
Severance	43.5	(3.0)	—	40.5
Asset impairments	27.4	—	(27.4)	—
Lease cancellation costs	.3	—	—	.3
Other closure costs	6.8	—	—	6.8
Total	$ 149.2	$ (7.6)	$ (51.9)	$ 89.7

2000
In the fourth quarter of 2000, the Company implemented a plan to streamline corporate and division administrative office functions. As a result of these actions, the Company recorded pre-tax charges of $4.5 million, consisting entirely of severance to employees notified of their termination prior to December 31, 2000. These charges are included in cost of sales in the accompanying statement of income for 2000. As of December 31, 2001, all of the provision had been utilized.

1998
In the fourth quarter of 1998, the Company began to implement a restructuring plan designed to reduce its cost structure and improve its long-term competitive position. During 2000 and 1999, the Company made adjustments to the original restructuring provision, resulting in net restructuring credits of $4.5 million and $10.1 million, respectively. The adjustments are attributable to several factors, including severance benefits in excess of amounts originally accrued, reduced severance benefits due to employee reductions attained through attrition, sub-lessor arrangements and decisions to delay or cancel certain actions. Additionally, during 1999, the Company expensed as incurred $5.7 million of employee and equipment relocation costs incurred in connection with the implementation of the restructuring plan. The net effect of the adjustments to the original restructuring provision and the costs expensed as incurred is included in cost of sales in the accompanying statements of income for 2000 and 1999. The restructuring is complete, and the remaining accrual of $6.5 million as of December 31, 2001 consists of long-term lease payments related to closed European facilities.

UT Automotive
During the second quarter of 1999, the Company began to implement restructuring plans designed to integrate the operations of the recently acquired UT Automotive, which were finalized during the first and second quarters of 2000. As a result of these restructuring plans, the Company recorded an adjustment to the original purchase price allocation of $32.3 million. The plans called for the termination of 899 employees, all of whom were terminated as of December 31, 2001, and the closure of or exit from five facilities, of which four were closed or vacated as of December 31, 2001. During the second quarter of 2001, the

closure of a European facility was cancelled due to a new program award in the region. The Company had previously completed all restructuring actions related to this facility with the exception of the disposition of the building, which had been idle since July 2000. Production on the new program began in January 2002. As a result, the Company reduced the restructuring accrual related to severance and goodwill by $2.7 million. The following table summarizes the restructuring activity related to this acquisition (in millions):

	Original Accrual	Adjustment	Utilized		Accrual at Dec. 31, 2001
			Cash	Noncash	
Severance	$ 19.8	$ (2.7)	$ (15.9)	$ —	$ 1.2
Asset impairments	6.6	—	—	(6.6)	—
Other closure costs	5.9	—	(4.1)	—	1.8
Total	$ 32.3	$ (2.7)	$ (20.0)	$ (6.6)	$ 3.0

(6) Investments in Affiliates

The Company's beneficial ownership in affiliates accounted for using the equity method was as follows as of December 31 of the year indicated:

Affiliate	2001	2000	1999
Lear Furukawa Corporation	51%	51%	51%
Corporate Eagle Two, L.L.C.	50	50	50
Industrias Cousin Freres, S.L. (Spain)	50	50	50
SALBI, A.B. (Sweden)	50	50	50
Lear Motorola Integrated Solutions, L.L.C.	50	50	—
Bing-Lear, L.L.C. (formerly Detroit Automotive Interiors, L.L.C.)	49	49	49
JL Automotive, L.L.C.	49	49	—
Autoform Kunstoffteile GmbH (Germany)	—	—	49
North American Interiors, L.L.C.	—	—	49
Autoform Kunstoffteile GmbH & Co. KG (Germany)	—	—	48
NTTF Industries Ltd. (India)	46	46	46
Saturn Electronics Texas, L.L.C.	45	44	44
Interiores Automotrices Summa, S.A. de C.V. (Mexico)	40	40	40
Lear-Air International Holdings Pty Ltd. (Australia)	—	40	40
U.P.M. S.r.L. (Italy)	39	39	39
Total Interior Systems — America, L.L.C.	39	39	—
Precision Fabrics Group	38	29	29
Markol Otomotiv Yan Sanayi Ve Ticaret A.S. (Turkey)	35	35	35
Pianfei Glass S.A. (Spain)	—	—	35
Jiangxi Jiangling Lear Interior Systems Co., Ltd. (China)	33	33	33
Interni S.A. (Brazil)	25	25	25

The Company's aggregate investment in affiliates was $53.8 million and $71.5 million as of December 31, 2001 and 2000, respectively.

Summarized group financial information for affiliates accounted for under the equity method as of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999 was as follows (unaudited; in millions):

December 31,	2001	2000
Balance sheet data:		
Current assets	$ 151.4	$ 161.9
Non-current assets	100.7	102.9
Current liabilities	128.0	137.8
Non-current liabilities	53.5	35.3

Year Ended December 31,	2001	2000	1999
Income statement data:			
Net sales	$ 592.5	$ 630.9	$335.4
Gross profit	69.8	75.6	44.1
Income before provision for income taxes	10.8	13.6	17.0
Net income	7.7	8.0	11.7

The Company had sales to affiliates of approximately $26.5 million, $27.6 million and $32.0 million for the years ended December 31, 2001, 2000 and 1999, respectively. Dividends of approximately $4.2 million, $2.0 million and $1.8 million were received by the Company from these affiliates for the years ended December 31, 2001, 2000 and 1999, respectively.

Lear Furukawa Corporation is accounted for under the equity method as shareholder resolutions require a two-thirds majority vote. Therefore, Lear does not control this affiliate.

The Company also guarantees 39% of the debt of Total Interior Systems — America, L.L.C. As of December 31, 2001, the debt balance of Total Interior Systems — America, L.L.C. was $4.4 million.

During 2001, the Company sold its interest in Lear-Air International Holdings Pty Ltd. In addition, the Company's ownership of Precision Fabrics Group increased from 29% to 38% due to a decrease in the number of shares outstanding, as the joint venture repurchased shares from other owners. The Company's ownership of Saturn Electronics Texas, L.L.C. also increased from 44% to 45%, as a former employee's shares in the joint venture reverted to the Company.

During 2000, the Company sold its interests in North American Interiors, L.L.C., Pianfei Glass S.A., Autoform Kunstoffteile GmbH and Autoform Kunstoffteile GmbH & Co. KG. In addition, in April 2000, the Company contributed cash and computer equipment for a 49% interest in JL Automotive, L.L.C. In May 2000, the Company formed a joint venture with Motorola, Inc. to design integrated interior systems for Ford. In November 2000, the Company formed Total Interior Systems — America, a joint venture with Takashimaya Nippatsu Kogyo Co. Ltd. to supply seat systems for Toyota.

(7) Short-Term Borrowings

The Company utilizes uncommitted lines of credit to satisfy a portion of its short-term working capital requirements. As of December 31, 2001, the Company had unsecured lines of credit available from banks of $183.6 million, subject to certain restrictions imposed by the primary credit facilities (Note 8). Weighted average interest rates on the outstanding borrowings as of December 31, 2001 and 2000 were 4.2% and 7.3%, respectively.

(8) Long-Term Debt

Long-term debt was comprised of the following as of December 31 of the year indicated (in millions):

Debt Instrument	2001	2000
Credit facilities	$ 714.3	$ 1,173.9
Other	86.3	97.8
	800.6	1,271.7
Less — current portion	(129.5)	(155.6)
	671.1	1,116.1
8.125% Senior Notes, due 2008	222.8	—
8.11% Senior Notes, due 2009	800.0	800.0
7.96% Senior Notes, due 2005	600.0	600.0
9.50% Subordinated Notes, due 2006	—	200.0
8.25% Subordinated Notes, due 2002	—	136.0
	1,622.8	1,736.0
Long-term debt	$ 2,293.9	$ 2,852.1

On March 26, 2001, the Company replaced its $2.1 billion revolving credit facility in order to extend its maturity and reduce commitments. As a result, interest rates and fees thereunder were adjusted to market rates. In addition, the Company amended its other primary credit facilities at the same time. The Company's primary credit facilities currently consist of a $1.7 billion amended and restated credit facility, which matures on March 26, 2006, a $500 million revolving credit facility, which matures on May 4, 2004, and a $500 million term loan, having scheduled amortization which began on October 31, 2000 and a final maturity on May 4, 2004. The Company's primary credit facilities provide for multicurrency borrowings in a maximum aggregate amount of up to $665.0 million, the commitment for which is part of the aggregate primary credit facilities commitment. The write-off of deferred financing fees related to the $2.1 billion revolving credit facility totaled approximately $1.0 million ($.6 million after tax), which is reflected as an extraordinary loss, net of tax in the consolidated statement of income for the year ended December 31, 2001.

As of December 31, 2001, the Company had $.7 billion outstanding under its primary credit facilities and $52.7 million committed under outstanding letters of credit, resulting in unused availability under the primary credit facilities of more than $1.0 billion. The weighted average interest rates across all currencies as of December 31, 2001 and 2000 were 7.1% and 7.6%, respectively. Borrowings and repayments under the primary credit facilities were as follows in the years indicated (in millions):

Year	Borrowings	Repayments
2001	$ 8,181.5	$ 8,632.5
2000	9,028.2	9,336.0
1999	9,274.3	8,701.8
1999		

On March 20, 2001, the Company issued 8.125% senior notes due 2008 (the "Eurobonds") in an aggregate principal amount of 250 million EUR (approximately $222.8 million based on the exchange rate in effect as of December 31, 2001). The offering of the Eurobonds was not registered under the Securities Act of 1933, as amended (the "Securities Act"). On November 13, 2001, the Company completed an exchange offer of the Eurobonds for substantially identical notes registered under the Securities Act.

In connection with the UT Automotive acquisition, the Company issued $1.4 billion aggregate principal amount of senior notes (the "Senior Notes"), $800 million of which mature in 2009 and $600 million of which mature in 2005. Interest on the Senior Notes is payable on May 15 and November 15 of each year. The Senior Notes were not registered under the Securities Act. In January 2000, the Company completed an exchange offer of the Senior Notes for substantially identical notes registered under the Securities Act.

The Company may redeem all or part of the Eurobonds or the Senior Notes, at its option, at any time, at the redemption price equal to the greater of (a) 100% of the principal amount of the notes to be redeemed or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon from the redemption date to the maturity date discounted, to the redemption date on a semiannual basis, at the Bund rate in the case of the Eurobonds or at the applicable treasury rate plus 50 basis points in the case of the Senior Notes, together with any interest accrued but not paid to the date of the redemption.

On February 14, 2002, the Company issued $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022, yielding gross proceeds of $250 million. The notes are unsecured and rank equally with the Company's other unsecured senior indebtedness, including the Company's other senior notes. Each note of $1,000 principal amount at maturity was issued at a price of $391.06, representing a yield to maturity of 4.75%. Holders of the notes may convert their notes at any time on or before the maturity date at a conversion rate, subject to adjustment, of 7.5204 shares of the Company's common stock per note, provided that the average per share price of the Company's common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 120% and declining 1/2% each year thereafter to 110% at maturity, of the accreted value of the note, divided by the conversion rate. The notes are also convertible (1) if the long-term credit rating assigned to the notes by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Group is reduced below Ba3 or BB-, respectively, or either ratings agency withdraws its long-term credit rating assigned to the notes, (2) if the Company's calls the notes for redemption or (3) upon the occurrence of specified other events.

The Company has an option to redeem all or a portion of the convertible notes for cash at their accreted value at any time on or after February 20, 2007. Holders may require the Company to purchase their notes on each of February 20, 2007, 2012 and 2017, as well as upon the occurrence of a fundamental change, at their accreted value on such dates. The Company may choose to pay the purchase price in cash or, subject to the satisfaction of certain conditions, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. The Company used the proceeds from the convertible debt offering to repay indebtedness under the revolving portion of the Company's primary credit facilities. The notes and the common stock issuable upon conversion have not been registered under the Securities Act or applicable state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. Under the terms of a registration rights agreement entered into in connection with the issuance of the convertible notes, the Company is required to file a registration statement covering the resale of the notes and the common stock issuable thereunder. The Company would be required to pay additional interest on the notes in the event the registration statement is not filed or declared effective by specified dates and under certain other circumstances.

The senior notes of the Company are senior unsecured obligations and rank pari passu in right of payment with all of the Company's existing and future unsubordinated unsecured indebtedness. The Company's obligations under the senior notes are guaranteed, on a joint and several basis, by certain of its significant subsidiaries, which are primarily domestic subsidiaries. The Company's obligations under its primary credit facilities are guaranteed by the same subsidiaries that guarantee the Company's obligations under the senior notes and are secured by the pledge of all or a portion of the capital stock of certain of its significant subsidiaries. Pursuant to the terms of the primary credit facilities, the guarantees and stock pledges shall be released when and if the Company's senior long-term unsecured debt is at or above "BBB-" from Standard & Poor's Ratings Group and at or above "Baa3" from Moody's Investors Service, Inc. and certain other conditions are satisfied. In the event that any such subsidiary ceases to be a guarantor under the primary credit facilities, such subsidiary will be released as a guarantor of the senior notes.

The Company's primary credit facilities contain numerous restrictive covenants relating to the maintenance of certain financial ratios and to the management and operation of the Company. The covenants include, among other restrictions, limitations on indebtedness, guarantees, mergers, acquisitions, fundamental corporate changes, asset sales, investments, loans and advances, liens, dividends and other stock payments, transactions with affiliates and optional payments and modification of debt instruments. The senior notes also contain covenants restricting the ability of the Company and its subsidiaries to incur liens and to enter into sale and leaseback transactions and restricting the ability of the Company to consolidate with, to merge with or into or to sell to or otherwise dispose of all or substantially all of its assets to any person.

On August 9, 2001, the Company redeemed its 9.50% subordinated notes due 2006. The redemption was made at 104.75% of the aggregate principal amount of the notes. On May 1, 2001, the Company redeemed its 8.25% subordinated notes due 2002. The redemption was made at par. The redemptions were financed through borrowings under the Company's primary credit

facilities. The redemption premium and the write-off of deferred financing fees related to the redemption of the 9.50% subordinated notes and the 8.25% subordinated notes totaled approximately $12.0 million ($7.3 million after tax), which is reflected as an extraordinary loss, net of tax in the consolidated statement of income for the year ended December 31, 2001.

Other long-term debt as of December 31, 2001 was principally made up of amounts outstanding under U.S. term loans, industrial revenue bonds and capital leases.

The scheduled maturities of long-term debt at December 31, 2001 for the five succeeding years are as follows (in millions):

Year	Maturities
2002	$ 129.5
2003	153.5
2004	278.4
2005	629.3
2006	167.5

(9) National Income Taxes

Set forth below is a summary of income before provision for national income taxes and components of the provision for national income taxes for the periods indicated (in millions):

Year Ended December 31,	2001	2000	1999
Income (loss) before provision (benefit) for national income taxes, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates and extraordinary loss:			
Domestic	$ (80.6)	$ 167.4	$ 208.0
Foreign	191.0	316.8	235.0
	$ 110.4	$ 484.2	$ 443.0
Domestic provision (benefit) for national income taxes:			
Current provision	$ 26.7	$ 76.6	$ 109.5
Deferred — Deferred provision (benefit)	(51.9)	9.0	(39.9)
Total domestic provision (benefit)	(25.2)	85.6	69.6
Foreign provision for national income taxes:			
Current provision	121.1	64.8	85.2
Deferred — Deferred provision (benefit)	(22.3)	57.1	36.8
Benefit of previously unbenefitted net operating loss carryforwards	(4.9)	(10.2)	(17.6)
	(27.2)	46.9	19.2
Total foreign provision	93.9	111.7	104.4
Provision for national income taxes	$ 68.7	$ 197.3	$ 174.0

The differences between tax provisions calculated at the United States Federal statutory income tax rate of 35% and the consolidated national income tax provision are summarized as follows (in millions):

Year Ended December 31,	2001	2000	1999
Income before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates and extraordinary loss multiplied by the United States Federal statutory rate	$ 38.6	$ 169.5	$ 155.1
Differences in income taxes on foreign earnings, losses and remittances	21.7	(5.4)	9.6
Amortization of goodwill	24.4	24.4	20.0
Other	(16.0)	8.8	(10.7)
	$ 68.7	$ 197.3	$ 174.0

Deferred national income taxes represent temporary differences in the recognition of certain items for income tax and financial reporting purposes. The components of the net deferred national income tax (asset) liability are summarized as follows (in millions):

December 31,	2001	2000
Deferred national income tax liabilities:		
Long-term asset basis differences	$ 138.7	$ 162.4
Recoverable customer engineering and tooling	49.2	58.7
Other	2.0	25.5
	$ 189.9	$ 246.6
Deferred national income tax assets:		
Tax loss carryforwards	(140.5)	(125.6)
Retirement benefit plans	(47.3)	(51.7)
Accruals	(36.1)	(17.1)
Asset valuations	(25.5)	(23.6)
Tax credit carryforwards	(25.1)	(15.4)
Self-insurance reserves	(9.6)	(7.0)
Minimum pension liability	(7.6)	(.6)
	(291.7)	(241.0)
Valuation allowance	147.9	125.5
	$ (143.8)	$ (115.5)
Net deferred national income tax liability	$ 46.1	$ 131.1

Deferred national income tax assets have been fully offset by a valuation allowance in certain foreign tax jurisdictions due to a history of operating losses. The classification of the net deferred national income tax (asset) liability is summarized as follows (in millions):

December 31,	2001	2000
Deferred national income tax assets:		
Current	$ (83.1)	$ (30.1)
Long-term	(31.9)	(2.0)
Deferred national income tax liabilities:		
Current	33.5	12.0
Long-term	127.6	151.2
Net deferred national income tax liability	$ 46.1	$ 131.1

Deferred national income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries as such amounts are either considered to be permanently reinvested or would not create any additional U.S. tax upon repatriation. The cumulative undistributed earnings at December 31, 2001 on which the Company had not provided additional national income taxes were approximately $509.4 million.

As of December 31, 2001, the Company had tax loss carryforwards of $428.8 million which relate to certain foreign subsidiaries. Of the total loss carryforwards, $226.8 million has no expiration date and $202.0 million expires in 2002 through 2011.

(10) Pension and Other Postretirement Benefit Plans

The Company has noncontributory defined benefit pension plans covering certain domestic employees and certain employees in foreign countries. The Company's salaried plans provide benefits based on a five-year average earnings formula. Hourly pension plans provide benefits under flat benefit formulas. The Company also has contractual arrangements with certain employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations and local practices.

The Company has postretirement plans covering a portion of the Company's domestic and Canadian employees. The plans generally provide for the continuation of medical benefits for all eligible employees who complete 10 years of service after age 45 and retire from the Company at age 55 or older. The Company does not fund its postretirement benefit obligation. Rather, payments are made as costs are incurred by covered retirees.

In accordance with SFAS No. 132, "Employers' Disclosure about Pension and Other Postretirement Benefits," the following tables provide a reconciliation of the change in benefit obligation, the change in plan assets and the net amount recognized in the consolidated balance sheets (based on a September 30 measurement date, in millions):

December 31,	Pension		Other Postretirement	
	2001	2000	2001	2000
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 281.5	$ 246.8	$ 92.4	$ 83.4
Service cost	28.1	30.1	8.4	10.3
Interest cost	20.0	18.1	7.1	6.5
Amendments	.7	8.3	.1	.2
Actuarial (gain) loss	10.9	(7.5)	18.4	(2.4)
Acquisitions	—	1.9	—	—
Benefits paid	(14.8)	(11.3)	(3.6)	(2.1)
Curtailment gain	(3.4)	(.2)	.2	(3.3)
Translation adjustment	(10.2)	(4.7)	(1.0)	(.2)
Benefit obligation at end of year	$ 312.8	$ 281.5	$ 122.0	$ 92.4
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 219.5	$ 171.7	$ —	$ —
Actual return on plan assets	(24.3)	27.6	—	—
Employer contributions	38.0	29.9	3.6	2.1
Acquisitions	—	5.0	—	—
Benefits paid	(14.8)	(11.3)	(3.6)	(2.1)
Translation adjustment	(6.7)	(3.4)	—	—
Fair value of plan assets at end of year	$ 211.7	$ 219.5	$ —	$ —
Funded status	$ (101.1)	$ (62.0)	$ (122.0)	$ (92.4)
Unrecognized net actuarial (gain) loss	27.3	(25.1)	3.9	(17.2)
Unrecognized net transition (asset) obligation	(1.1)	(1.9)	21.6	23.7
Unrecognized prior service cost	30.9	35.1	(.6)	(.9)
Net amount recognized	$ (44.0)	$ (53.9)	$ (97.1)	$ (86.8)
Amounts recognized in the consolidated balance sheets:				
Prepaid benefit cost	$ 31.7	$ 18.6	$ —	$ —
Accrued benefit liability	(121.2)	(96.3)	(97.1)	(86.8)
Intangible asset	25.8	22.3	—	—
Deferred tax asset	7.6	.6	—	—
Accumulated other comprehensive income	12.1	.9	—	
Net amount recognized	$ (44.0)	$ (53.9)	$ (97.1)	$ (86.8)

In 2001, the Company recognized a curtailment gain of approximately $.6 million and $.1 million with respect to pension and other postretirement benefits, respectively, in conjunction with severance actions taken in the first six months of 2001 to reduce the Company's cost base.

In 2000 and 1999, the Company recognized curtailment gains totaling approximately $.8 million and $.9 million with respect to pension and other postretirement benefits, respectively, in conjunction with the employee terminations associated with the 1998 restructuring plan (Note 5).

As of December 31, 2001 and 2000, twenty-one pension plans and sixteen pension plans, respectively, had accumulated benefit obligations in excess of plan assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets of these plans were $291.9 million, $250.7 million and $187.5 million, respectively, as of December 31, 2001 and $149.4 million, $144.8 million and $52.1 million, respectively, as of December 31, 2000.

Components of the Company's net periodic benefit costs are as follows (in millions):

	Pension			Other Postretirement		
December 31,	2001	2000	1999	2001	2000	1999
Components of net periodic benefit cost:						
Service cost	$ 28.1	$ 30.1	$ 20.3	$ 8.4	$ 10.3	$ 8.4
Interest cost	20.0	18.1	15.4	7.1	6.5	4.9
Expected return on plan assets	(17.8)	(14.1)	(11.2)	—	—	—
Amortization of actuarial (gain) loss	(.9)	(.2)	.4	(1.4)	(1.3)	(1.2)
Amortization of transition (asset) obligation	(.3)	(.3)	(.4)	1.8	1.8	1.8
Amortization of prior service cost	3.1	2.9	2.4	.2	.1	(.2)
Curtailment (gain) loss	(.6)	—	(.8)	(.1)	(1.0)	.1
Net periodic benefit cost	$ 31.6	$ 36.5	$ 26.1	$ 16.0	$ 16.4	$ 13.8

The actuarial assumptions used in determining the funded status information and net periodic benefit cost information shown above were as follows:

	Pension		Other Postretirement	
December 31,	2001	2000	2001	2000
Weighted-average assumptions:				
Discount rate:				
Domestic plans	7 1/2%	8%	7 1/2%	8%
Foreign plans	7%	6 1/2-7%	7%	7%
Expected return on plan assets:				
Domestic plans	9 1/2%	9 1/4%	N/A	N/A
Foreign plans	7%	7%	N/A	N/A
Rate of compensation increase:				
Domestic plans	4 1/2%	5%	N/A	N/A
Foreign plans	4 1/2%	3 1/2-4 1/2%	N/A	N/A

For measurement purposes, domestic healthcare costs were assumed to increase 10% in 2002, grading down over time to 5.5% in ten years. Foreign health care costs were assumed to increase 5.7% in 2002, grading down over time to 4.7% in fifteen years.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement plans. A 1% rise in the assumed rate of healthcare cost increases each year would increase the postretirement benefit obligation as of December 31, 2001 by $15.9 million and increase the postretirement net periodic benefit cost by $3.5 million for the year ended December 31, 2001.

The Company also sponsors defined contribution plans and participates in government sponsored programs in certain foreign countries. Contributions are determined as a percentage of each covered employee's salary. The Company also participates in multi-employer pension plans for certain of its hourly employees and contributes to those plans based on collective bargaining agreements. The aggregate cost of the defined contribution and multi-employer pension plans charged to income was $24.2 million, $22.9 million and $14.3 million for the years ended December 31, 2001, 2000 and 1999, respectively.

(11) Commitments and Contingencies

The Company is involved in certain legal actions and claims arising in the ordinary course of business. The Company does not believe that any of the litigation in which it is currently engaged, either individually or in the aggregate, will have a material adverse effect on its business, consolidated financial position or results of future operations.

The Company is subject to local, state, federal and foreign laws, regulations and ordinances, which govern activities or operations that may have adverse environmental effects and which impose liability for the costs of cleaning up certain damages resulting from past spills, disposal or other releases of hazardous wastes and environmental compliance. The Company's policy is to comply with all applicable environmental laws and to maintain procedures to ensure compliance. However, the Company has been, and in the future may become, the subject of formal or informal enforcement actions or procedures.

The Company has been named as a potentially responsible party at several third party landfill sites and is engaged in the cleanup of hazardous wastes at certain sites owned, leased or operated by the Company, including several properties acquired in the UT Automotive acquisition. Certain present and former properties of UT Automotive are subject to environmental liabilities, which may be significant. The Company obtained agreements and indemnities with respect to possible environmental liabilities from United Technologies Corporation in connection with the acquisition of UT Automotive. While the Company does not believe that the environmental liabilities associated with its properties will have a material adverse effect on its business, consolidated financial position or results of future operations, no assurances can be given in this regard.

In the event that the Company's products fail to perform as expected and such failure results in, or is alleged to result in, bodily injury and/or property damage or other losses, the Company may be subject to product liability and warranty claims. Although historically, the Company has not experienced material claims, it can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend such claims. In addition, if any of the Company's products are or are alleged to be defective, it may be required to participate in a recall involving such products.

Approximately 87,000 of the Company's employees worldwide are subject to collective bargaining agreements. Relationships with all unions are good, and management does not anticipate any difficulties with respect to the agreements.

Lease commitments at December 31, 2001 under noncancellable operating leases with terms exceeding one year are as follows (in millions):

2002	$	63.8
2003		55.0
2004		49.2
2005		34.4
2006		54.2
2007 and thereafter		77.5
Total	$	334.1

The Company's operating leases cover principally buildings and transportation equipment. Rent expense incurred under all operating leases and charged to operations was $116.8 million, $99.4 million and $56.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

(12) Stock Option Plans

The Company has four plans under which it has issued stock options, the 1992 Stock Option Plan, the 1994 Stock Option Plan, the 1996 Stock Option Plan and the Long-Term Stock Incentive Plan. Options issued to date under these plans generally vest over a three-year period and expire ten years from the original plan date.

A summary of options transactions during each of the three years in the period ended December 31, 2001 is shown below:

	Stock Options	Price Range
Outstanding at December 31, 1998	3,262,091	$ 5.00 - $54.22
Granted	1,059,350	$39.00
Expired or cancelled	(307,299)	$ 5.00 - $54.22
Exercised	(415,416)	$ 5.00 - $37.25
Outstanding at December 31, 1999	3,598,726	$ 5.00 - $54.22
Granted	2,083,500	$ 20.25 - $23.56
Expired or cancelled	(282,873)	$ 5.00 - $54.22
Exercised	(306,952)	$ 5.00 - $33.00
Outstanding at December 31, 2000	5,092,401	$ 5.00 - $54.22
Granted	2,236,900	$ 27.25 - $35.93
Expired or cancelled	(275,427)	$ 5.00 - $54.22
Exercised	(698,985)	$ 5.00 - $39.00
Outstanding at December 31, 2001	6,354,889	$ 5.00 - $54.22

The following table summarizes information about options outstanding as of December 31, 2001:

Range of exercise prices	$ 5.00	$11.63 – 19.26	$20.25 – 27.25	$30.25 – 39.00	$ 54.22
Options outstanding:					
Number outstanding	1,600	79,685	2,663,329	2,993,725	616,550
Weighted average remaining contractual life (years)	.42	2.25	8.24	7.69	6.33
Weighted average exercise price	$ 5.00	$ 15.95	$ 23.32	$ 36.77	$ 54.22
Options exercisable:					
Number exercisable	1,600	79,685	47,579	644,100	616,550
Weighted average exercise price	$ 5.00	$ 15.95	$ 23.81	$ 35.31	$ 54.22

The Long-Term Stock Incentive Plan also permits the grants of stock appreciation rights, restricted stock, restricted units, performance shares and performance units (collectively “Incentive Units”) to officers and other key employees of the Company. As of December 31, 2001, the Company had outstanding Incentive Units convertible into a maximum of 802,502 shares of common stock of the Company, of which 167,508 shares are at no cost to the employee and 634,994 shares are at a weighted average cost to the employee of $19.04 per share. Total compensation expense under these plans was $4.9 million, $2.1 million and $1.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Pro Forma

At December 31, 2001, the Company had several stock option plans, which are described above. The Company applies APB Opinion 25 and related Interpretations in accounting for its stock option plans. Accordingly, compensation cost was calculated as the difference between the exercise price of the option and the market value of the stock at the date the option was granted. If compensation cost for the Company’s stock option plans was determined based on the fair value at the grant dates consistent with the method prescribed in SFAS No. 123, “Accounting for Stock-Based Compensation,” the Company’s net income and net income per share would have been reduced to the pro forma amounts indicated below (unaudited; in millions, except per share data).

Year Ended December 31,	2001	2000	1999
As Reported			
Net income	$ 26.3	$ 274.7	$ 257.1
Basic net income per share	.41	4.21	3.84
Diluted net income per share	.40	4.17	3.80
Pro Forma			
Net income	$ 10.5	$ 260.1	$ 246.7
Basic net income per share	.16	3.99	3.69
Diluted net income per share	.16	3.95	3.64

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yields of 0.0% in 2001, 2000 and 1999; expected lives of 7 years in 2001 and 10 years in 2000 and 1999; risk-free interest rates of 5.17% in 2001, 8.00% in 2000 and 7.75% in 1999; and expected volatility of 40.64% in 2001, 37.75% in 2000 and 34.8% in 1999.

(13) Segment Reporting

The Company has three reportable operating segments: seating; interior; and electronic and electrical. The seating segment includes seat systems and components thereof. The interior segment includes flooring and acoustic systems, door panels, instrument panels, headliners and other interior products. The electronic and electrical segment includes electronic and electrical distribution systems, primarily wire harnesses, interior control systems and wireless systems. As of January 1, 2001, seat frames and seat tracks, which were previously included in the interior segment, have been included in our seating segment. Accordingly, all periods have been restated to reflect this change.

Each of the Company's operating segments reports its results from operations and makes its requests for capital expenditures directly to the chief operating decision-making group. The economic performance of the Company's operating segments is mainly driven by automobile production volumes in the geographic regions in which they operate as well as by the success of the vehicle platforms for which the Company supplies products. Also, each operating segment operates in the competitive "Tier 1" automotive supplier environment and is continually working with its customers to manage costs and improve quality. The Company's manufacturing facilities generally use just-in-time manufacturing techniques to produce and distribute their automotive interior products. The Company's production processes generally make use of unskilled labor, dedicated facilities, sequential manufacturing processes and commodity raw materials. The Other category includes the corporate headquarters, geographic headquarters, the technology division and the elimination of intercompany activities, none of which meet the requirements of being classified as an operating segment.

The accounting policies of the Company's operating segments are the same as those described in Note 2, "Summary of Significant Accounting Policies." The Company evaluates the performance of its operating segments based primarily on revenues from external customers, operating income before amortization ("EBITA") and cash flow, being defined as EBITA less capital expenditures plus depreciation.

The following table presents revenues from external customers and other financial information by reportable operating segment (in millions):

	2001				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 9,286.4	$ 2,434.5	$ 1,900.4	$ 3.4	$ 13,624.7
EBITA (1)	454.4	202.1	174.3	(310.2)	520.6
Depreciation	123.5	96.8	66.5	15.2	302.0
Capital expenditures	105.8	99.6	45.8	15.8	267.0
Total assets	3,078.7	1,381.0	985.1	2,134.4	7,579.2

	2000				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 9,132.8	$ 2,778.0	$ 2,153.0	$ 9.0	$ 14,072.8
EBITA	495.1	307.9	266.4	(144.1)	925.3
Depreciation	116.1	91.7	73.0	21.5	302.3
Capital expenditures	101.6	155.7	59.2	5.8	322.3
Total assets	3,791.5	862.6	969.4	2,752.0	8,375.5

	1999				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 8,404.0	$ 2,543.1	$ 1,472.2	$ 9.5	$ 12,428.8
EBITA (2)	538.8	208.3	141.1	(98.3)	789.9
Depreciation	114.0	86.7	42.5	21.1	264.3
Capital expenditures	168.9	144.2	69.1	9.2	391.4
Total assets	3,013.3	1,443.6	993.3	3,267.4	8,717.6

(1) Restructuring and other charges of $149.2 million is included in “Other.”

(2) Restructuring and other credits of ($4.4) million is included in “Other.”

The following table presents revenues and tangible long-lived assets for each of the geographic areas in which the Company operates (in millions):

Year Ended December 31,	2001	2000	1999
Revenues from external customers:			
United States	$ 6,622.3	$ 7,060.4	$ 6,084.3
Canada	1,310.4	1,549.5	1,612.0
Germany	1,447.4	1,392.7	1,416.3
Other countries	4,244.6	4,070.2	3,316.2
Total	$ 13,624.7	$ 14,072.8	$ 12,428.8

December 31,	2001	2000	1999
Tangible long-lived assets:			
United States	$ 959.1	$ 1,072.2	$ 1,132.5
Canada	68.1	85.1	82.2
Germany	106.1	109.1	102.9
Other countries	582.4	624.9	652.4
Total	$ 1,715.7	$ 1,891.3	$ 1,970.0

A substantial majority of the Company's consolidated revenues are from four automotive manufacturing companies, with two customers accounting for 60% of the Company's revenues in 2001. The following is a summary of the percentage of revenues from major customers:

Year Ended December 31,	2001	2000	1999
General Motors Corporation	33%	32%	29%
Ford Motor Company	27	28	27
DaimlerChrysler	13	13	13
BMW	6	5	4
Fiat S.p.A	5	5	6

In addition, a portion of the Company's remaining revenues are from the above automotive manufacturing companies through various other automotive suppliers.

(14) Financial Instruments

The carrying values of the Company's senior notes vary from the fair values of these instruments. The fair values were determined by reference to market prices of the securities in recent public transactions. As of December 31, 2001 and 2000, the aggregate carrying value of the Company's then-outstanding senior notes was $1.6 billion and $1.4 billion, respectively, compared to an estimated fair value of $1.7 billion and $1.3 billion, respectively. As of December 31, 2001, the carrying value of the Company's other senior indebtedness approximates its fair value, which was determined based on rates currently available to the Company for similar borrowings with like maturities.

Several of the Company's European subsidiaries factor their accounts receivable with financial institutions subject to limited recourse provisions. The amount of such factored receivables, which is not included in accounts receivable in the consolidated balance sheets as of December 31, 2001 and 2000, was $183.7 million and $212.1 million, respectively.

Asset-backed Securitization Agreement

In November 2000, the Company and several of its U.S. subsidiaries, through a special purpose corporation, entered into a receivables-backed receivables purchase facility (collectively, the "ABS facility"). The ABS facility originally provided for a 364-day committed facility and maximum purchases of adjusted accounts receivable of $300 million. In November 2001, the ABS facility was amended to extend the termination date to November 2002 and to accommodate the reduction in the credit ratings of the Company's three largest customers, whose receivables are transferred to the ABS facility, as well as recent declines in automotive production volumes. As a result, the Company's utilization of the ABS facility in the future may be lower than in prior periods. In addition, should the Company's customers experience further reductions in their credit ratings, the Company may be unable to utilize the ABS facility in the future. Should this occur, the Company would seek to utilize other available credit facilities to replace the funding currently provided by the ABS facility. During the year ended December 31, 2001, the Company and its subsidiaries, through the special purpose corporation, sold adjusted accounts receivable totaling $4.1 billion under the ABS facility and recognized a discount of $16.2 million, which is reflected as other expense, net in the consolidated statement of income for the year ended December 31, 2001.

The special purpose corporation purchases the receivables from the Company and several of its U.S. subsidiaries and then

simultaneously transfers undivided interests in the receivables to certain bank conduits which fund their purchases through the issuance of commercial paper. The Company continues to service the transferred receivables and receives an annual servicing fee of 1.0% of the sold receivables. The conduit investors and the special purpose corporation have no recourse to the Company's or its subsidiaries' other assets for the failure of the accounts receivable obligors to timely pay on the accounts receivable. With respect to the sold receivables, the Company's retained interest is subordinated to the bank conduits' undivided purchased interests. The sold receivables servicing portfolio amounted to $566.9 million as of December 31, 2001.

The following table summarizes certain cash flows received from and paid to the special purpose corporation (in millions):

Year Ended December 31,	2001
Proceeds from new securitizations	$ 260.7
Proceeds from collections reinvested in securitizations	3,656.3
Servicing fees received	5.1

Derivative Instruments and Hedging Activities

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. In accordance with the provisions of SFAS No. 133, the Company recorded a transition adjustment upon adoption (1) to recognize its derivative instruments at fair value, resulting in a net decrease in net assets of approximately $9.0 million, (2) to recognize previously deferred net losses on derivatives designated as cash flow hedges, resulting in a net decrease in accumulated other comprehensive loss of approximately $9.2 million, and (3) to recognize the ineffective portion of cash flow hedges, the effect of which on net income was not material and is included in other expense, net in the consolidated statement of income for the year ended December 31, 2001.

The Company uses derivative financial instruments, including forward foreign exchange, futures, option and swap contracts, to manage its exposures to fluctuations in foreign exchange rates and interest rates. The use of these financial instruments mitigates the Company's exposure to these risks with the intent of reducing the risks and the variability of the Company's operating results. The Company is not a party to leveraged derivatives. Initially, upon adoption of SFAS No. 133, and prospectively, on the date a derivative contract is entered into, the Company designates the derivative as either (1) a hedge of a recognized asset or liability or of an unrecognized firm commitment (a fair value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a foreign operation (a net investment hedge).

For a fair value hedge, both the effective and ineffective portions of the change in the fair value of the derivative are recorded in earnings and reflected in the consolidated statement of income on the same line as the gain or loss on the hedged item that is attributable to the hedged risk. For a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded in accumulated other comprehensive loss in the consolidated balance sheet. When the underlying hedged transaction is realized, the gain or loss included in accumulated other comprehensive loss is recorded in earnings and reflected in the consolidated statement of income on the same line as the hedged item. In addition, both changes in the fair value excluded from the Company's effectiveness assessments and the ineffective portion of changes in the fair value are recorded in earnings and reflected in the consolidated statement of income as other expense, net. For a net investment hedge of a foreign operation, the effective portion of the change in the fair value of the derivative is recorded in cumulative translation adjustment, which is a component of accumulated other comprehensive loss in the consolidated balance sheet. The ineffective portion of the change in the fair value of a derivative or non-derivative instrument is recorded in earnings and reflected in the consolidated statement of income as other expense, net.

The Company formally documents its hedge relationships, including the identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. Derivatives are recorded at fair value in other current and long-term assets and other current and long-term liabilities in the consolidated balance sheet. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions. The Company also formally assesses, both at inception and at least quarterly

thereafter, whether a derivative used in a hedging transaction is highly effective in offsetting changes in either the fair value or cash flows of the hedged item. When it is determined that a derivative ceases to be a highly effective hedge, the Company discontinues hedge accounting.

Forward foreign exchange, futures and option contracts — The Company uses foreign forward exchange and option contracts to reduce the effect of fluctuations in foreign exchange rates on short-term, foreign currency denominated intercompany transactions and other known foreign currency exposures. Gains and losses on the derivative instruments are intended to offset gains and losses on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuations in foreign exchange rates. The principal currencies hedged by the Company include the Canadian Dollar, the European Euro and the Mexican Peso. Forward foreign exchange and futures contracts are accounted for as fair value hedges when the hedged item is a recognized asset or liability or an unrecognized firm commitment. Forward foreign exchange, futures and option contracts are accounted for as cash flow hedges when the hedged item is a forecasted transaction or the variability of cash flows to be paid or received related to a recognized asset or liability. As of December 31, 2001, contracts representing $1.0 billion of notional amount were outstanding with maturities of less than one year. The fair value of these foreign exchange contracts as of December 31, 2001 was approximately a positive $14.7 million.

Interest rate swap contracts — The Company uses interest rate swap contracts to manage its exposure to fluctuations in interest rates. Interest rate swap contracts which fix the interest payments of certain floating rate debt instruments are accounted for as cash flow hedges. Interest rate swap contracts which hedge the change in fair market value of certain fixed rate debt instruments are accounted for as fair value hedges. As of December 31, 2001, contracts representing $1.0 billion of notional amount were outstanding with maturity dates of March 2002 through May 2005. The fair value of these interest rate swap agreements is subject to changes in value due to changes in interest rates. The fair value of outstanding interest rate swap agreements as of December 31, 2001 was approximately a negative $31.0 million.

As of December 31, 2001 and January 1, 2001, the net loss of approximately $13.1 million and $9.2 million, respectively, related to derivative instruments and hedging activities was recorded in accumulated other comprehensive loss. As of December 31, 2001, all cash flow hedges mature within twelve months, with the exception of swap contracts related to the payment of variable interest on existing financial instruments, and fair value hedges of the Company's fixed rate debt instruments mature within forty-one months. During the twelve month period ended December 31, 2002, the Company expects to reclassify into earnings net losses of approximately $9.0 million recorded in accumulated other comprehensive loss. Such losses will be reclassified at the time the underlying hedged transactions are realized. During the year ended December 31, 2001, amounts recognized in the consolidated statements of income related to changes in the fair value excluded from the effectiveness assessments and the ineffective portion of changes in the fair value of fair value and cash flow hedges were not material.

Non-U.S. dollar financing transactions — The Company has designated its Euro-denominated senior notes (Note 8) as a net investment hedge of long-term investments in its Euro-functional subsidiaries. In addition, the Company has designated a forward foreign exchange contract as a net investment hedge of long-term investments in its Peso-functional subsidiaries. As of December 31, 2001, the amount recorded in cumulative translation adjustment related to the effective portion of the net investment hedges of foreign operations was a loss of approximately $2.1 million.

(15) Quarterly Financial Data

	Thirteen Weeks Ended			
	March 31, 2001	June 30, 2001	September 29, 2001	December 31, 2001
Net sales	$ 3,503.6	$ 3,609.4	$ 3,106.7	$ 3,405.0
Gross profit	265.0	311.7	259.8	198.3
Income (loss) before extraordinary loss	15.1	44.9	23.0	(48.8)
Net income (loss)	14.5	44.9	15.7	(48.8)
Basic income (loss) per share before extraordinary loss	.24	.70	.36	(.76)
Basic net income (loss) per share	.23	.70	.24	(.76)
Diluted income (loss) per share before extraordinary loss	.23	.69	.35	(.76)
Diluted net income (loss) per share	.22	.69	.24	(.76)

	Thirteen Weeks Ended			
	April 1, 2000	July 1, 2000	September 30, 2000	December 31, 2000
Net sales	$ 3,805.1	$ 3,761.4	$ 3,144.1	$ 3,362.2
Gross profit	357.0	407.0	299.8	386.3
Net income	62.0	101.7	38.6	72.4
Basic net income per share	.94	1.54	.60	1.13
Diluted net income per share	.93	1.53	.59	1.12

(16) Accounting Pronouncements

Business Combinations — The Financial Accounting Standards Board (“FASB”) has issued SFAS No. 141, “Business Combinations,” the provisions of which apply to all business combinations initiated after June 30, 2001. This statement requires that all business combinations be accounted for under the purchase method. In addition, this statement requires the separate recognition of certain intangible assets.

The FASB has issued SFAS No. 142, “Goodwill and Other Intangible Assets,” which is effective for fiscal years beginning after December 15, 2001. Under this statement, goodwill will no longer be amortized but will be subject to annual impairment analysis. Goodwill amortization for the year ended December 31, 2001 was $90.2 million. The Company is currently assessing the potential impact of SFAS No. 142 related to the impairment analysis of goodwill.

Asset Retirement Obligations — The FASB has issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which is effective for fiscal years beginning after June 15, 2002. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company does not expect the effects of adoption to be significant.

Impairment or Disposal of Long-Lived Assets — The FASB has issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which is effective for fiscal years beginning after December 15, 2001. This statement addresses the financial accounting and reporting for the impairment of or disposal of long-lived assets. The Company does not expect the effects of adoption to be significant.

(17) Supplemental Guarantor Condensed Consolidating Financial Statements

	December 31, 2001				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ (2.1)	$ 6.8	$ 82.9	$ —	$ 87.6
Accounts receivable, net	4.2	161.1	1,227.5	—	1,392.8
Inventories	10.5	157.5	272.3	—	440.3
Recoverable customer engineering and tooling	10.2	80.6	100.8	—	191.6
Other	102.2	81.6	70.7	—	254.5
Total current assets	125.0	487.6	1,754.2	—	2,366.8
LONG-TERM ASSETS:					
Property, plant and equipment, net	123.9	786.3	805.5	—	1,715.7
Goodwill, net	100.2	2,124.4	914.9	—	3,139.5
Investment in subsidiaries	2,463.9	1,503.0	—	(3,966.9)	—
Other	211.1	112.9	33.2	—	357.2
Total long-term assets	2,899.1	4,526.6	1,753.6	(3,966.9)	5,212.4
	$ 3,024.1	$ 5,014.2	$ 3,507.8	$ (3,966.9)	$ 7,579.2
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ 30.0	$ —	$ 33.2	$ —	$ 63.2
Accounts payable and drafts	138.6	690.1	1,154.2	—	1,982.9
Accrued liabilities	161.3	403.6	442.3	—	1,007.2
Current portion of long-term debt	124.7	.6	4.2	—	129.5
Total current liabilities	454.6	1,094.3	1,633.9	—	3,182.8
LONG-TERM LIABILITIES:					
Long-term debt	2,256.8	15.6	21.5	—	2,293.9
Intercompany accounts, net	(1,563.7)	1,707.6	(143.9)	—	—
Other	317.3	171.3	54.8	—	543.4
Total long-term liabilities	1,010.4	1,894.5	(67.6)	—	2,837.3
STOCKHOLDERS' EQUITY	1,559.1	2,025.4	1,941.5	(3,966.9)	1,559.1
	$ 3,024.1	$ 5,014.2	$ 3,507.8	$ (3,966.9)	$ 7,579.2

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	December 31, 2000				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 7.2	$ 10.1	$ 81.5	$ —	$ 98.8
Accounts receivable, net	92.2	647.1	899.7	—	1,639.0
Inventories	11.5	191.7	335.6	—	538.8
Recoverable customer engineering and tooling	48.1	110.0	115.1	—	273.2
Other	109.1	91.2	77.9	—	278.2
Total current assets	268.1	1,050.1	1,509.8	—	2,828.0
LONG-TERM ASSETS:					
Property, plant and equipment, net	122.2	906.2	862.9	—	1,891.3
Goodwill, net	105.0	2,194.7	966.9	—	3,266.6
Investment in subsidiaries	2,414.2	1,022.2	—	(3,436.4)	—
Other	240.2	102.9	46.5	—	389.6
Total long-term assets	2,881.6	4,226.0	1,876.3	(3,436.4)	5,547.5
	$ 3,149.7	$ 5,276.1	$ 3,386.1	$ (3,436.4)	$ 8,375.5
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ 56.6	$ 2.0	$ 13.8	$ —	$ 72.4
Accounts payable and drafts	195.9	835.3	1,142.8	—	2,174.0
Accrued liabilities	184.9	420.2	364.5	—	969.6
Current portion of long-term debt	150.0	.8	4.8	—	155.6
Total current liabilities	587.4	1,258.3	1,525.9	—	3,371.6
LONG-TERM LIABILITIES:					
Long-term debt	2,762.0	9.5	80.6	—	2,852.1
Intercompany accounts, net	(2,029.8)	2,208.1	(178.3)	—	—
Other	229.3	219.4	102.3	—	551.0
Total long-term liabilities	961.5	2,437.0	4.6	—	3,403.1
STOCKHOLDERS' EQUITY	1,600.8	1,580.8	1,855.6	(3,436.4)	1,600.8
	$ 3,149.7	$ 5,276.1	$ 3,386.1	$ (3,436.4)	$ 8,375.5

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 2001				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net sales	$ 953.6	$ 7,284.4	$ 7,780.8	$ (2,394.1)	$ 13,624.7
Cost of sales	954.0	6,701.0	7,329.0	(2,394.1)	12,589.9
Selling, general and administrative expenses	122.8	186.0	205.4	—	514.2
Amortization of goodwill	4.0	59.5	26.7	—	90.2
Interest expense	91.8	116.2	46.7	—	254.7
Intercompany charges, net	(371.0)	330.4	40.6	—	—
Other expense, net	19.8	16.2	29.3	—	65.3
Income (loss) before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates and subsidiaries and extraordinary loss	132.2	(124.9)	103.1	—	110.4
Provision for national income taxes	19.9	17.6	31.2	—	68.7
Minority interests in consolidated subsidiaries	—	—	11.5	—	11.5
Equity in net income of affiliates	(2.0)	(1.6)	(.4)	—	(4.0)
Equity in net (income) loss of subsidiaries	80.1	(202.1)	—	122.0	—
Income (loss) before extraordinary loss	34.2	61.2	60.8	(122.0)	34.2
Extraordinary loss	7.9	—	—	—	7.9
Net income	$ 26.3	$ 61.2	$ 60.8	$ (122.0)	$ 26.3

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 2000				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net sales	$ 899.2	$ 7,324.2	$ 7,622.0	$ (1,772.6)	$ 14,072.8
Cost of sales	849.5	6,457.5	7,088.3	(1,772.6)	12,622.7
Selling, general and administrative expenses	222.5	162.8	139.5	—	524.8
Amortization of goodwill	5.9	62.8	21.2	—	89.9
Interest expense	78.4	207.3	30.5	—	316.2
Intercompany charges, net	(252.3)	282.2	(29.9)	—	—
Other (income) expense, net	20.2	(29.4)	44.2	—	35.0
Income (loss) before provision (credit) for national income taxes, minority interests in consolidated subsidiaries and equity in net (income) loss of affiliates and subsidiaries	(25.0)	181.0	328.2	—	484.2
Provision (credit) for national income taxes	(14.6)	78.9	133.0	—	197.3
Minority interests in consolidated subsidiaries	—	—	13.9	—	13.9
Equity in net (income) loss of affiliates	—	(3.9)	2.2	—	(1.7)
Equity in net income of subsidiaries	(285.1)	(74.7)	—	359.8	—
Net income	$ 274.7	$ 180.7	$ 179.1	$ (359.8)	$ 274.7

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 1999				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net sales	$ 1,147.5	$ 5,783.7	$ 7,918.3	$ (2,420.7)	$ 12,428.8
Cost of sales	1,081.0	5,127.5	7,367.4	(2,420.7)	11,155.2
Selling, general and administrative expenses	179.1	109.5	195.1	—	483.7
Amortization of goodwill	3.8	48.4	24.4	—	76.6
Interest expense	81.0	129.2	24.9	—	235.1
Intercompany charges, net	(293.4)	223.1	70.3	—	—
Other (income) expense, net	(34.2)	(21.2)	90.6	—	35.2
Income before provision for national income taxes, minority interests in consolidated subsidiaries and equity in net (income) loss of affiliates and subsidiaries	130.2	167.2	145.6	—	443.0
Provision (credit) for national income taxes	35.1	83.4	55.5	—	174.0
Minority interests in consolidated subsidiaries	—	.6	7.0	—	7.6
Equity in net (income) loss of affiliates	3.4	3.9	(3.0)	—	4.3
Equity in net income of subsidiaries	(165.4)	(59.1)	—	224.5	—
Net income	$ 257.1	$ 138.4	$ 86.1	$ (224.5)	$ 257.1

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 2001				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net Cash Provided by Operating Activities	$ 267.2	$ 472.1	$ 90.5	$ —	$ 829.8
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(30.1)	(91.0)	(145.9)	—	(267.0)
Proceeds from disposition of business/facilities	1.9	47.3	1.4	—	50.6
Other, net	(.4)	9.1	6.6	—	15.3
Net cash used in investing activities	(28.6)	(34.6)	(137.9)	—	(201.1)
Cash Flows from Financing Activities:					
Issuance of senior notes	223.4	—	—	—	223.4
Repayments of subordinated notes	(345.5)	—	—	—	(345.5)
Long-term revolving credit repayments, net	(404.4)	5.8	(52.4)	—	(451.0)
Other long-term debt repayments, net	(4.0)	—	—	—	(4.0)
Short-term repayments, net	(26.6)	(2.1)	20.7	—	(8.0)
Change in intercompany accounts	287.3	(404.5)	117.2	—	—
Proceeds from sale of common stock	10.1	—	—	—	10.1
Decrease in drafts	11.8	(57.1)	(25.2)	—	(70.5)
Net cash used in financing activities	(247.9)	(457.9)	60.3	—	(645.5)
Effect of foreign currency translation	—	17.1	(11.5)	—	5.6
Net Change in Cash and Cash Equivalents	(9.3)	(3.3)	1.4	—	(11.2)
Cash and Cash Equivalents at Beginning of Period	7.2	10.1	81.5	—	98.8
Cash and Cash Equivalents at End of Period	$ (2.1)	$ 6.8	$ 82.9	$ —	$ 87.6

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 2000				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net Cash Provided by Operating Activities	$ 27.3	$ 323.3	$ 402.5	$ —	$ 753.1
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(33.0)	(129.3)	(160.0)	—	(322.3)
Cost of acquisitions, net of cash acquired	—	—	(11.8)	—	(11.8)
Proceeds from disposition of business/facilities	—	106.7	10.2	—	116.9
Other, net	—	(.4)	(7.5)	—	(7.9)
Net cash used in investing activities	(33.0)	(23.0)	(169.1)	—	(225.1)
Cash Flows from Financing Activities:					
Long-term revolving credit repayments, net	(161.6)	—	(146.2)	—	(307.8)
Other long-term debt repayments, net	(31.1)	(.2)	(24.9)	—	(56.2)
Short-term repayments, net	(22.1)	1.8	(11.8)	—	(32.1)
Change in intercompany accounts	319.4	(261.2)	(58.2)	—	—
Proceeds from sale of common stock	2.1	—	—	—	2.1
Purchase of treasury stock	(77.9)	—	—	—	(77.9)
Decrease in drafts	(16.9)	(35.7)	—	—	(52.6)
Other, net	.8	(.1)	—	—	0.7
Net cash used in financing activities	12.7	(295.4)	(241.1)	—	(523.8)
Effect of foreign currency translation	—	(.9)	(11.4)	—	(12.3)
Net Change in Cash and Cash Equivalents	7.0	4.0	(19.1)	—	(8.1)
Cash and Cash Equivalents at Beginning of Period	.2	6.1	100.6	—	106.9
Cash and Cash Equivalents at End of Period	$ 7.2	$ 10.1	$ 81.5	$ —	$ 98.8

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Year Ended December 31, 1999				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In millions)		
Net Cash Provided by Operating Activities	$ 188.6	$ 555.7	$ (184.0)	$ —	$ 560.3
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(56.4)	(145.9)	(189.1)	—	(391.4)
Cost of acquisitions, net of cash acquired	—	(2,296.4)	(182.2)	—	(2,478.6)
Proceeds from disposition of business segment	—	310.0	—	—	310.0
Other, net	2.0	3.4	16.4	—	21.8
Net cash used in investing activities	(54.4)	(2,128.9)	(354.9)	—	(2,538.2)
Cash Flows from Financing Activities:					
Senior notes	1,400.0	—	—	—	1,400.0
Long-term revolving credit borrowings, net	572.5	—	—	—	572.5
Other long-term debt repayments, net	(39.4)	4.9	(3.8)	—	(38.3)
Short-term borrowings, net	23.6	(1.7)	(4.6)	—	17.3
Change in intercompany accounts	(2,064.7)	1,484.7	580.0	—	—
Proceeds from sale of common stock	7.7	—	—	—	7.7
Purchase of treasury stock	(15.2)	—	—	—	(15.2)
Increase in drafts	10.1	87.0	21.7	—	118.8
Other, net	(24.8)	—	—	—	(24.8)
Net cash provided by financing activities	(130.2)	1,574.9	593.3	—	2,038.0
Effect of foreign currency translation	—	1.4	15.4	—	16.8
Net Change in Cash and Cash Equivalents	4.0	3.1	69.8	—	76.9
Cash and Cash Equivalents at Beginning of Period	(3.8)	3.0	30.8	—	30.0
Cash and Cash Equivalents at End of Period	$ .2	$ 6.1	$ 100.6	$ —	$ 106.9

(17) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

Basis of Presentation — In connection with the acquisition of UT Automotive, Inc., a wholly-owned subsidiary of United Technologies Corporation ("UT Automotive")(see Notes 3 and 8), the Company issued $1.4 billion in securities, which consist of $600 million aggregate principal amount of 7.96% Senior Notes due May 15, 2005 and $800 million aggregate principal amount of 8.11% Senior Notes due May 15, 2009. Certain of the Company's domestic wholly-owned subsidiaries (the "Guarantors") irrevocably and unconditionally fully guaranteed on a joint and several basis the punctual payment when due, whether at stated maturity, by acceleration or otherwise, all of the Company's obligations under the senior notes indenture, including the Company's obligations to pay principal, premium, if any, and interest with respect to the senior notes. The Guarantors on the date of the indenture were Lear Operations Corporation and Lear Corporation Automotive Holdings (formerly, UT Automotive). Effective May 2, 2000, Lear Seating Holdings Corp. #50 and Lear Corporation EEDS and Interiors became Guarantors under the indenture governing the senior notes. Effective November 16, 2001, Lear Corporation Automotive Systems, Lear Technologies, LLC, Lear Midwest Automotive Limited Partnership and Lear Automotive (EEDS) Spain S.L. became Guarantors under the indenture governing the senior notes. Effective January 15, 2002, Lear Corporation Mexico, S.A. de C.V. became a Guarantor under the indenture governing the senior notes. The Guarantors have also unconditionally fully guaranteed on a joint and several basis the Company's obligations under the 8.125% senior notes due 2008 issued in March 2001 and the zero-coupon convertible senior notes due 2022 issued in February 2002. In lieu of providing separate audited financial statements for the Guarantors, the Company has included the audited consolidating condensed financial statements on pages 54 to 61. All supplemental guarantor condensed consolidating financial statements reflect Lear Operations Corporation, Lear Corporation Automotive Holdings, Lear Seating Holdings Corp. #50, Lear Corporation EEDS and Interiors, Lear Corporation Automotive Systems, Lear Technologies, LLC, Lear Midwest Automotive Limited Partnership, Lear Automotive (EEDS) Spain S.L. and Lear Corporation Mexico, S.A. de C. V. as Guarantors for all periods presented. Management does not believe that separate financial statements of the Guarantors are material to investors. Therefore, separate financial statements and other disclosures concerning the Guarantors are not presented.

Distributions — There are no significant restrictions on the ability of the Guarantors to make distributions to the Company. In addition, the Company is not restricted from selling or otherwise disposing of any of the Guarantors or all of the assets of any of the Guarantors.

Selling, General and Administrative Expenses — During 2001, 2000 and 1999, the Parent allocated $88.8 million, $57.3 million and $53.0 million, respectively, of corporate selling, general and administrative expenses to its operating subsidiaries. The allocations were based on various factors which estimate usage of particular corporate functions, and in certain instances, other relevant factors were used, such as the revenues or headcount of the Company's subsidiaries.

Long-Term Debt of the Parent and the Guarantors — Long-term debt of the Parent and the Guarantors on a combined basis consisted of the following at December 31 (in millions):

December 31,	2001	2000
Senior Notes	$ 1,622.8	$ 1,400.0
Credit agreement	714.3	1,107.0
Other long-term debt	60.6	79.3
Subordinated notes	—	336.0
	2,397.7	2,922.3
Less — current portion	(125.3)	(150.8)
	$ 2,272.4	$ 2,771.5

The obligations of foreign subsidiary borrowers under the primary credit facilities are guaranteed by the Parent.

For a more detailed description of the above indebtedness, see Note 8 to the Consolidated Financial Statements.

Aggregate minimum principal payment requirements on long-term debt of the Parent and the Guarantors, including capital lease obligations, in each of the five years subsequent to December 31, 2001 are as follows:

Year	Maturities
2002	$ 125.3
2003	150.3
2004	275.8
2005	626.5
2006	121.1

Report of Independent Public Accountants

To Lear Corporation:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of LEAR CORPORATION AND SUBSIDIARIES ("the Company") included in this Form 10-K, and have issued our report thereon dated January 28, 2002 (except with respect to the matter discussed in Note 8, as to which the date is February 14, 2002). Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedule on page 65 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
January 28, 2002.

LEAR CORPORATION AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In millions)

	Balance at Beginning of Period	Additions	Retirements	Other Changes	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 1999:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 16.0	$ 15.0	$ (15.0)	$ 2.3	$ 18.3
Reserve for unmerchantable inventories	14.9	18.7	(14.9)	15.7	34.4
Restructuring reserves	91.3	—	(54.7)	(4.4)	32.2
	$ 122.2	$ 33.7	$ (84.6)	$ 13.6	$ 84.9
FOR THE YEAR ENDED DECEMBER 31, 2000:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 18.3	$ 11.8	$ (4.7)	$ 3.2	$ 28.6
Reserve for unmerchantable inventories	34.4	3.8	(11.2)	(1.4)	25.6
Restructuring reserves	32.2	4.5	(20.7)	(4.5)	11.5
	$ 84.9	$ 20.1	$ (36.6)	$ (2.7)	$ 65.7
FOR THE YEAR ENDED DECEMBER 31, 2001:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 28.6	$ 10.1	$ (12.8)	$ .8	$ 26.7
Reserve for unmerchantable inventories	25.6	23.5	(12.2)	(1.1)	35.8
Restructuring reserves	11.5	149.2	(64.5)	—	96.2
	$ 65.7	$ 182.8	$ (89.5)	$ (.3)	$ 158.7

ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no disagreement between the management of the Company and the Company's accountants on any matter of accounting principles or practices or financial statement disclosures.

PART III

ITEM 10 — DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Incorporated by reference from the Proxy Statement sections entitled “Election of Directors” and “Directors and Beneficial Ownership.”

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the names, ages and positions of our executive officers. Each executive officer is elected annually by our Board and serves at the pleasure of our Board and our Chief Executive Officer.

Name	Age	Position
Randall J. Carron	46	Senior Vice President – Transnational & Asia-Pacific
Douglas G. DelGrosso	40	Executive Vice President – International
Charles E. Fisher	48	President – DaimlerChrysler Division
Cameron C. Hitchcock	40	Vice President and Treasurer
Roger A. Jackson	55	Senior Vice President – Human Resources
Joseph F. McCarthy	58	Vice President, Secretary and General Counsel
D. William Pumphrey	42	President – Electronic and Electrical Division
Robert E. Rossiter	56	President and Chief Executive Officer and Director
Louis R. Salvatore	46	President – Ford Division
Raymond E. Scott	36	President – GM / Fiat Division
Frank B. Sovis	40	President – Interior Systems Division
Donald J. Stebbins	44	Executive Vice President – Americas
Mel Stephens	46	Vice President – Investor Relations & Corporate Communications
James H. Vandenberghe	52	Vice Chairman
David C. Wajsgras	42	Senior Vice President and Chief Financial Officer
Kenneth L. Way	62	Chairman of the Board
Paul J. Zimmer	43	President – Seating Systems Division

Set forth below is a description of the business experience of each of our executive officers.

Randall J. Carron — Mr. Carron is our Senior Vice President – Transnational & Asia-Pacific, a position he has held since March 2002. Previously, he was our Senior Vice President – Customer Focus Group since October 2000, Senior Vice President and President – International Operations since May 1999, our Vice President and President – APO and ISG Operations (Europe) since December 1998, our President – Far Eastern Operations since May 1997, our Vice President Operations – GM Division since April 1997 and our Vice President Sales – GM Division since November 1995.

Douglas G. DelGrosso — Mr. DelGrosso is our Executive Vice President – International, a position he has held since September 2001. Previously, he was our Senior Vice President – Product Focus Group since October 2000, our Senior Vice President and President – North American and South American Operations since May 1999, our Senior Vice President – Interior Systems Group and Seat Trim Division since January 1999, our Vice President and President – GM Division since May 1997 and our Vice President and President – Chrysler Division since December 1995.

Charles E. Fisher	Mr. Fisher is our President – DaimlerChrysler Division, a position he has held since October 2000. Previously, he was our Vice President and President – Ford Division since January 1999 and Vice President and President – Chrysler Division since May 1997. Mr. Fisher also served as Vice President – Marketing and Sales from October 1996 to May 1997 and as Vice President – Purchasing from May 1989 to September 1996.
Cameron C. Hitchcock	Mr. Hitchcock is our Vice President and Treasurer, a position he has held since November 1999. Previously, Mr. Hitchcock served as Treasurer for Dean Foods Company from March 1997 to October 1999 and was Vice President – Corporate Finance for Deutsche Morgan Grenfell from May 1993 to 1997.
Roger A. Jackson	Mr. Jackson is our Senior Vice President – Human Resources, a position he has held since October 1995. Previously, he served as Vice President – Human Resources for Allen Bradley, a wholly-owned subsidiary of Rockwell International, since 1991. Mr. Jackson was employed by Rockwell International or one of its subsidiaries from December 1977 to September 1995.
Joseph F. McCarthy	Mr. McCarthy is our Vice President, Secretary and General Counsel, a position that he has held since April 1994. Prior to joining Lear, Mr. McCarthy served as Vice President – Legal and Secretary for both Hayes Lemmerz International, Inc. (f/k/a Hayes Wheels International, Inc.) and Kelsey-Hayes Company.
D. William Pumphrey	Mr. Pumphrey is our President – Electronic and Electrical Division, a position he has held since August 1999. Mr. Pumphrey also served as Vice President – Sales and Marketing for our Chrysler Division from May 1999 to August 1999. From October 1991 to May 1999, Mr. Pumphrey worked at United Technologies Automotive in such positions as Manager of Business Strategy and Development, Program Manager, and Vice President of the DaimlerChrysler Customer Team.
Robert E. Rossiter	Mr. Rossiter is our President and Chief Executive Officer, a position he has held since October 2000. Mr. Rossiter has served as our President from 1984 until the present and as our Chief Operating Officer from 1988 to April 1997 and from November 1998 to October 2000. Mr. Rossiter also served as our Chief Operating Officer – International Operations from April 1997 to November 1998. Mr. Rossiter has been a director of Lear since 1988. Mr. Rossiter also serves on the Michigan Minority Business Development Council (MMBDC) as Vice Chairman.
Louis R. Salvatore	Mr. Salvatore is our President – Ford Division, a position he has held since October 2000. Previously, he was our Vice President and President – DaimlerChrysler Division since November 1998, our Vice President Global Purchasing since September 1996. Mr. Salvatore served as Vice President of Procurement for MTD Products, Inc. for 2 years and as a director for Ford Motor Company for fourteen years.
Raymond E. Scott	Mr. Scott is our President – GM / Fiat Division, a position he has held since November 2000. He has been with Lear since 1988 in such positions as President – GM Europe from February 2000 to November 2000, Vice President and General Manager – GM Europe from September 1999 to February 2000, Vice President of Operations –Saab from May 1998 to September 1999 and Director of Sales – GM Division from April 1996 to May 1998.
Frank B. Sovis	Mr. Sovis is our President – Interior Systems Division, a position he has held since February 2000. Mr. Sovis also served as our Vice President – North American Operations – Interior

	Systems Group from January 1999 to February 2000, our President – Interior Systems Group – Hard Trim Division from June 1998 to January 1999, our Vice President – Finance – General Motors Division from January 1996 to June 1998 and as our Comptroller – General Motors Division from August 1993 to January 1996.
Donald J. Stebbins	Mr. Stebbins is our Executive Vice President – Americas, a position he has held since September 2001. Prior to serving in this position, he was our Senior Vice President and Chief Financial Officer since April 1997 and Vice President and Treasurer since 1992.
Mel Stephens	Mr. Stephens is our Vice President – Investor Relations & Corporate Communications, a position he has held since January 2002. Prior to joining Lear, Mr. Stephens had been at Ford Motor Company for 23 years, where he held leadership positions in Finance, Strategic & Business Planning, Corporate Communications and Investor Relations, including Director of Investor Relations, immediately prior to joining Lear. He currently serves on the Board of Directors for The Harvard Group and Trinity Golf, Inc.
James H. Vandenberghe	Mr. Vandenberghe is our Vice Chairman, a position he has held since November 1998. Mr. Vandenberghe has been a director of Lear since 1995. He served as our President and Chief Operating Officer – North American Operations from April 1997 to November 1998. He also served as our Chief Financial Officer from 1988 to April 1997 and as our Executive Vice President from 1993 to April 1997. Mr. Vandenberghe is also a director of Covisint, L.L.C.
David C. Wajsgras	Mr. Wajsgras is our Senior Vice President and Chief Financial Officer, a position he has held since January 2002. Previously, he served as our Vice President and Controller since September 1999. Prior to joining Lear, Mr. Wajsgras served as Corporate Controller of Engelhard Corporation from September 1997 until August 1999 and was employed in various senior financial positions at AlliedSignal Inc. (now Honeywell International Inc.), including chief financial officer of the Global Shared Services organization from March 1992 to September 1997.
Kenneth L. Way	Mr. Way is our Chairman of the Board, a position he has held since 1988. Mr. Way also served as our Chief Executive Officer from 1988 to October 2000. Mr. Way has been with Lear for 36 years. Mr. Way also serves as a director of Comerica, Inc., CMS Energy Corporation, Wesco International, Inc. and the Henry Ford Health Systems.
Paul J. Zimmer	Mr. Zimmer is our President – Seating Systems Division, a position he has held since October 2000. Previously, he was our Vice President and President – GM Division since November 1998, Vice President – GM North American Operations since May 1998, our Vice President – GM Truck Operations since April 1997 and our Director GMTG Operations – GM Division since May 1996.

ITEM 11 — EXECUTIVE COMPENSATION

Incorporated by reference from the Proxy Statement section entitled “Executive Compensation.”

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT (4)

Incorporated by reference from the Proxy Statement section entitled “Directors and Beneficial Ownership — Security Ownership of Certain Beneficial Owners and Management.”

ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS(5)

Incorporated by reference from the Proxy Statement section entitled “Certain Transactions.”

PART IV

ITEM 14 — EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Form 10-K.

1. Consolidated Financial Statements:
   - Report of Independent Public Accountants
   - Consolidated Balance Sheets as of December 31, 2001 and 2000.
   - Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999.
   - Consolidated Statements of Stockholders' Equity for the years ended December 31, 2001, 2000 and 1999.
   - Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999.
   - Notes to Consolidated Financial Statements
2. Financial Statements Schedule:
   - Report of Independent Public Accountants
   - Schedule II — Valuation and Qualifying Accounts
   - All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned financial statements.
3. The exhibits listed on the "Index to Exhibits" on pages 73 through 75 are filed with this Form 10-K or incorporated by reference as set forth below.

(b) The following reports and registration statements were filed during the quarter ended December 31, 2001.

- Current Report on Form 8-K dated October 23, 2001.

(c) The exhibits listed on the "Index to Exhibits" on pages 73 through 75 are filed with this Form 10-K or incorporated by reference as set forth below.

(d) Additional Financial Statement Schedules.

- None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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 on March 15, 2002.

Lear Corporation

By: /s/ Robert E. Rossiter

Robert E. Rossiter
President and Chief Executive
Officer and a Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Lear Corporation and in the capacities indicated on March 15, 2002.

/s/ Kenneth L. Way	/s/ Larry W. McCurdy
Kenneth L. Way Chairman of the Board	Larry W. McCurdy a Director
/s/ Robert E. Rossiter	/s/ Roy E. Parrott
Robert E. Rossiter President and Chief Executive Officer and a Director	Roy E. Parrott a Director
/s/ James H. Vandenberghe	/s/ Robert W. Shower
James H. Vandenberghe Vice Chairman	Robert W. Shower a Director
/s/ David C. Wajsgras	/s/ David P. Spalding
David C. Wajsgras Senior Vice President and Chief Financial Officer	David P. Spalding a Director
/s/ Irma B. Elder	/s/ James A. Stern
Irma B. Elder a Director	James A. Stern a Director

Exhibit Number	Exhibit
3.1	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1996).
3.2	Amended and Restated By-laws of the Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed August 24, 2001).
3.3	Certificate of Incorporation of Lear Operations Corporation (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-4 filed on June 22, 1999).
3.4	By-laws of Lear Operations Corporation (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-4 filed on June 22, 1999).
3.5	Certificate of Incorporation of Lear Corporation Automotive Holdings (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-4 filed on June 22, 1999).
3.6	By-laws of Lear Corporation Automotive Holdings (incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-4 filed on June 22, 1999).
3.7	Certificate of Incorporation of Lear Corporation EEDS and Interiors (incorporated by reference to Exhibit 3.7 to the Company's Registration Statement on Form S-4/A filed on June 6, 2001).
3.8	By-laws of Lear Corporation EEDS and Interiors (incorporated by reference to Exhibit 3.8 to the Company's Registration Statement on Form S-4/A filed on June 6, 2001).
3.9	Certificate of Incorporation of Lear Seating Holdings Corp. #50 (incorporated by reference to Exhibit 3.9 to the Company's Registration Statement on Form S-4/A filed on June 6, 2001).
3.10	By-laws of Lear Seating Holdings Corp. #50 (incorporated by reference to Exhibit 3.10 to the Company's Registration Statement on Form S-4/A filed on June 6, 2001).
4.1	Indenture dated as of May 15, 1999, by and among Lear Corporation as Issuer, the Guarantors party thereto from time to time and the Bank of New York as Trustee (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 1999).
4.2	Supplemental Indenture No. 1 to Indenture dated as of May 15, 1999, by and among Lear Corporation as Issuer, the Guarantors party thereto, from time to time and the Bank of New York as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
**4.3	Supplemental Indenture No. 2 to Indenture dated as of May 15, 1999, by and among Lear Corporation as Issuer, the Guarantors party thereto, from time to time and the Bank of New York as Trustee.
**4.4	Supplemental Indenture No. 3 to Indenture dated as of May 15, 1999, by and among Lear Corporation as Issuer, the Guarantors party thereto, from time to time and the Bank of New York as Trustee.
4.5	Indenture dated as of March 20, 2001, by and among Lear Corporation as Issuer, the Guarantors party thereto from time to time and the Bank of New York as Trustee, relating to the 8 1/8% Senior Notes due 2008, including the form of exchange note attached thereto (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-4 filed on April 23, 2001).
**4.6	Supplemental Indenture No. 1 to Indenture dated as of March 20, 2001, by and among Lear Corporation as Issuer, the Guarantors party thereto, from time to time and the Bank of New York as Trustee.
**4.7	Supplemental Indenture No. 2 to Indenture dated as of March 20, 2001, by and among Lear Corporation as Issuer, the Guarantors party thereto, from time to time and the Bank of New York as Trustee.
**4.8	Indenture dated as of February 20, 2002, by and among Lear Corporation as Issuer, the Guarantors party thereto from time to time and the Bank of New York as Trustee.
10.1	Third Amended and Restated Credit and Guarantee Agreement, dated as of March 26, 2001, among Lear Corporation, Lear Canada, the Foreign Subsidiary Borrowers (as defined therein), the Lenders Party thereto, Bank of America, N.A., Citibank, N.A. and Deutsche Banc Alex Brown Inc., as Syndication Agent, The Bank of Nova Scotia, as Documentation Agent and Canadian Administrative Agent, The Other Agents Named in Schedule IX thereto and The Chase Manhattan Bank, as General Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4 filed on April 23, 2001).

Exhibit Number	Exhibit
10.2	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of March 26, 2001, among Lear Corporation, the Foreign Subsidiary Borrowers (as defined therein), the Lenders Party thereto, Citicorp USA, Inc., as Syndication Agent, Toronto Dominion (Texas), Inc., as Documentation Agent, the Other Agents Named in Schedule IX thereto and The Chase Manhattan Bank, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4 filed on April 23, 2001).
10.3	Employment Agreement dated July 5, 2000 between the Company and Kenneth L. Way (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
10.4	Employment Agreement dated July 5, 2000 between the Company and Robert E. Rossiter (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
10.5	Employment Agreement dated July 5, 2000 between the Company and James H. Vandenberghe (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
10.6	Employment Agreement dated July 5, 2000 between the Company and Donald J. Stebbins (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
10.7	Employment Agreement dated July 5, 2000 between the Company and Douglas G. DelGrasso (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2000).
10.8	Lear's 1992 Stock Option Plan (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1993).
10.9	Amendment to Lear's 1992 Stock Option Plan (incorporated by reference to Exhibit 10.26 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.10	Lear's 1994 Stock Option Plan (incorporated by reference to Exhibit 10.27 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.11	Masland Corporation 1993 Stock Option Incentive Plan (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K dated June 27, 1995).
10.12	Lear's Supplemental Executive Retirement Plan, dated as of January 1, 1995 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.13	Lear Corporation 1996 Stock Option Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 1997).
10.14	Lear Corporation Long-Term Stock Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.2 to the Company's quarterly Report on Form 10Q for the quarter ended June 28, 1997).
10.15	Lear Corporation Outside Directors Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.3 to the Company's quarterly Report on Form 10-Q for the quarter ended June 28, 1997).
10.16	Form of the Lear Corporation Long-Term Stock Incentive Plan Deferral and Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.17	Form of the Lear Corporation 1996 Stock Option Plan Stock Option Agreement (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.18	Restricted Property Agreement dated as of December 17, 1997 between the Company and Robert E. Rossiter (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.19	Lear Corporation 1992 Stock Option Plan, 3rd amendment dated March 14, 1997 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.20	Lear Corporation 1992 Stock Option Plan, 4th amendment dated August 4, 1997 (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.21	Lear Corporation 1994 Stock Option Plan, Second Amendment effective January 1, 1996 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998).
10.22	Lear Corporation 1994 Stock Option Plan, Third Amendment effective March 14, 1997 (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998).
10.23	Lear Corporation Long-Term Stock Incentive Plan, Third Amendment effective February 26, 1998 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998).

Exhibit Number	Exhibit
10.24	The Master Sale and Purchase Agreement between General Motors Corporation and the Company, dated August 31, 1998, relating to the sale and purchase of the world-wide seating business operated by The Delphi Interior & Lighting System Division of General Motors Corporation's Delphi Automotive Systems business sector (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998).
10.25	Stock Purchase Agreement dated as of March 16, 1999, by and between Nevada Bond Investment Corp. II and Lear Corporation (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated March 16, 1999).
10.26	Stock Purchase Agreement dated as of May 7, 1999, between Lear Corporation and Johnson Electric Holdings Limited (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 7, 1999).
10.27	Rights Agreement dated as of March 1, 2000, between the Company and the Bank of New York (incorporated by reference to the Company's Registration Statement on Form 8-A filed March 2, 2000.)
**10.28	Purchase Agreement dated as of February 14, 2002, among Lear Corporation, Lear Operations Corporation, Lear Corporation Automotive Holdings, Lear Seating Holdings Corp. #50, Lear Corporation EEDS and Interiors, Lear Corporation Automotive Systems, Lear Technologies, LLC, Lear Midwest Automotive Limited Partnership, Lear Automotive (EEDS) Spain S.L. and Lear Corporation Mexico, S.A. de C.V. and Credit Suisse First Boston Corporation, JP Morgan Securities Inc. and Lehman Brothers Inc.
**10.29	Registration Rights Agreement dated as of February 14, 2002, among Lear Corporation, Lear Operations Corporation, Lear Corporation Automotive Holdings, Lear Seating Holdings Corp. #50, Lear Corporation EEDS and Interiors, Lear Corporation Automotive Systems, Lear Technologies, LLC, Lear Midwest Automotive Limited Partnership, Lear Automotive (EEDS) Spain S.L. and Lear Corporation Mexico, S.A. de C.V. and Credit Suisse First Boston Corporation, JP Morgan Securities Inc. and Lehman Brothers Inc.
**11.1	Computation of net income per share.
**12.1	Statement re: computation of ratios.
**21.1	List of subsidiaries of the Company.
**23.1	Consent of Arthur Andersen LLP.

** Filed herewith.

EXHIBIT 4.3

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SUPPLEMENTAL INDENTURE

NO. 2

TO

INDENTURE DATED AS OF MAY 15, 1999

==========

This SUPPLEMENTAL INDENTURE NO. 2 to INDENTURE (this "Supplemental Indenture") is entered into among Lear Corporation, a Delaware corporation (the "Company"), Lear Operations Corporation, a Delaware corporation ("LOC"), Lear Corporation Automotive Holdings, a Delaware corporation ("LCAH"), Lear Seatings Holdings Corp. #50, a Delaware corporation ("Lear No. 50"), Lear Corporation EEDS and Interiors, a Delaware corporation ("Lear Interiors"), Lear Corporation Automotive Systems, an Ohio corporation ("LCAS"), Lear Technologies, LLC, a Delaware limited liability company ("Lear Tech"), Lear Midwest Automotive, Limited Partnership, a Delaware limited partnership ("LMA"), Lear East, LP, a Pennsylvania limited partnership ("Lear East"), Lear Automotive (EEDS) Spain S.L., an entity organized under the laws of Spain ("Lear Spain"), and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

RECITALS

WHEREAS, the Company, LOC, LCAH, Lear No. 50, Lear Interiors and the Trustee have entered into that certain Indenture dated as of May 15, 1999, as amended by Supplemental Indenture No. 1 thereto dated as of May 2, 2000 (the "Indenture"), providing for the issuance and delivery by the Company of its 7.96% Senior Notes due 2005 (the "7.96% Notes") and its 8.11% Senior Notes due 2009 (the "8.11% Notes" and, together, with the 7.96% Notes, the "Notes");

WHEREAS, LCAS, Lear Tech, LMA, Lear East and Lear Spain, each of which is a direct or indirect subsidiary of the Company, will each become, concurrently with the execution and delivery of this Supplemental Indenture, a guarantor under the Principal Credit Facilities; and

WHEREAS, pursuant to Section 10.06 of the Indenture, any subsidiary of the Company that becomes a guarantor under the Principal Credit Facilities is required to become a Guarantor under the Indenture;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes:

Section 1. GUARANTEE.

For value received, each of LCAS, Lear Tech, LMA, Lear East and Lear Spain hereby agrees to become a party to the Indenture as a Guarantor under and pursuant to Article 10 of the Indenture and to jointly and severally unconditionally guarantee to each Holder and the Trustee

(a) the due and punctual payment in full of principal of and interest on the Notes when due, whether at stated maturity, upon acceleration, redemption or otherwise, (b) the due and punctual payment in full of interest on the overdue principal of and, to the extent permitted by law, interest on the Notes, and (c) the due and punctual payment of all other Obligations of the Company and the other Guarantors to the Holders and the Trustee under the Indenture and the Notes, including, without limitation, the payment of fees, expenses, indemnification or other amounts.

Section 2. MISCELLANEOUS.

2.1. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

2.2. Confirmation of the Indenture. Except as amended hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed in all respects.

2.3. Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent one and the same agreement.

2.4. Separability. Each provision of this Supplemental Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

2.5. Headings. The captions of the various section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

2.6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Guarantors.

2.7. Definitions. All terms defined in the Indenture shall have the same meaning in this Supplemental Indenture unless otherwise defined herein.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto caused this Supplemental Indenture to be duly executed as of this 16th day of November, 2001.

LEAR CORPORATION

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR OPERATIONS CORPORATION

By: /s/ Edward Mahon

Name: Edward Mahon
Title: Authorized Officer

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President

LEAR SEATINGS HOLDINGS CORP. #50

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Edward Mahon

Name: Edward Mahon
Title: Authorized Officer

LEAR TECHNOLOGIES, LLC
By: Lear Corporation,
its Sole Member

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNER
By: Lear Corporation Mendon,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR EAST, LP
By: Lear Corporation Global Development, Inc.,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

THE BANK OF NEW YORK, as Trustee

By: /s/ Luis Perez

Name: Luis Perez
Title: Asst. Vice President

EXHIBIT 4.4

==========

SUPPLEMENTAL INDENTURE

NO. 3

TO

INDENTURE DATED AS OF MAY 15, 1999

==========

This SUPPLEMENTAL INDENTURE NO. 3 to INDENTURE (this "Supplemental Indenture") is entered into among Lear Corporation, a Delaware corporation (the "Company"), Lear Operations Corporation, a Delaware corporation ("LOC"), Lear Corporation Automotive Holdings, a Delaware corporation ("LCAH"), Lear Seatings Holdings Corp. # 50, a Delaware corporation ("Lear No. 50"), Lear Corporation EEDS and Interiors, a Delaware corporation ("Lear Interiors"), Lear Corporation Automotive Systems, an Ohio corporation ("LCAS"), Lear Technologies, LLC, a Delaware limited liability company ("Lear Tech"), Lear Midwest Automotive, Limited Partnership, a Delaware limited partnership ("LMA"), Lear East, LP, a Pennsylvania limited partnership ("Lear East"), Lear Automotive (EEDS) Spain S.L., an entity organized under the laws of Spain ("Lear Spain"), Lear Corporation Mexico, S.A. de C.V., an entity organized under the laws of Mexico ("Lear Mexico") and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

RECITALS

WHEREAS, the Company, LOC, LCAH, Lear No. 50, Lear Interiors, LCAS, Lear Tech, LMA, Lear East, Lear Spain and the Trustee are parties to that certain Indenture dated as of May 15, 1999, as amended by Supplemental Indenture No. 1 thereto dated as of May 2, 2000 and Supplemental Indenture No. 2 thereto dated as of November 16, 2001 (the "Indenture"), providing for the issuance and delivery by the Company of its 7.96% Senior Notes due 2005 (the "7.96% Notes") and its 8.11% Senior Notes due 2009 (the "8.11% Notes" and, together, with the 7.96% Notes, the "Notes");

WHEREAS, Lear Mexico, an indirect subsidiary of the Company, will become, concurrently with the execution and delivery of this Supplemental Indenture, a guarantor under the Principal Credit Facilities; and

WHEREAS, pursuant to Section 10.06 of the Indenture, any subsidiary of the Company that becomes a guarantor under the Principal Credit Facilities is required to become a Guarantor under the Indenture;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes:

Section 1. GUARANTEE.

For value received, Lear Mexico hereby agrees to become a party to the Indenture as

a Guarantor under and pursuant to Article 10 of the Indenture and to jointly and severally unconditionally guarantee to each Holder and the Trustee (a) the due and punctual payment in full of principal of and interest on the Notes when due, whether at stated maturity, upon acceleration, redemption or otherwise, (b) the due and punctual payment in full of interest on the overdue principal of and, to the extent permitted by law, interest on the Notes, and (c) the due and punctual payment of all other Obligations of the Company and the other Guarantors to the Holders and the Trustee under the Indenture and the Notes, including, without limitation, the payment of fees, expenses, indemnification or other amounts.

Section 2. MISCELLANEOUS.

2.1. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

2.2. Confirmation of the Indenture. Except as amended hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed in all respects.

2.3. Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent one and the same agreement.

2.4. Separability. Each provision of this Supplemental Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

2.5. Headings. The captions of the various section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

2.6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Guarantors.

2.7. Definitions. All terms defined in the Indenture shall have the same meaning in this Supplemental Indenture unless otherwise defined herein.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto caused this Supplemental Indenture to be duly executed as of this 15th day of January, 2002.

LEAR CORPORATION

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President & Treasurer

LEAR OPERATIONS CORPORATION

By: /s/ Joseph McCarthy

Name: Joseph McCarty
Title: Vice President, Secretary & General Counsel

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President

LEAR SEATINGS HOLDINGS CORP. # 50

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR TECHNOLOGIES, LLC
By: Lear Corporation,
its Sole Member

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNER
By: Lear Corporation Mendon,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR EAST, LP
By: Lear Corporation Global Development, Inc.,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

LEAR CORPORATION MEXICO, S.A. de C.V.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

THE BANK OF NEW YORK, as Trustee

By: /s/ Thomas E. Tabor

Name: Thomas E. Tabor
Title: Vice President

EXHIBIT 4.6

==========

SUPPLEMENTAL INDENTURE

NO. 1

TO

INDENTURE DATED AS OF MARCH 20, 2001

==========

This SUPPLEMENTAL INDENTURE NO. 1 to INDENTURE (this "Supplemental Indenture") is entered into among Lear Corporation, a Delaware corporation (the "Company"), Lear Operations Corporation, a Delaware corporation ("LOC"), Lear Corporation Automotive Holdings, a Delaware corporation ("LCAH"), Lear Seatings Holdings Corp. # 50, a Delaware corporation ("Lear No. 50"), Lear Corporation EEDS and Interiors, a Delaware corporation ("Lear Interiors"), Lear Corporation Automotive Systems, an Ohio corporation ("LCAS"), Lear Technologies, LLC, a Delaware limited liability company ("Lear Tech"), Lear Midwest Automotive, Limited Partnership, a Delaware limited partnership ("LMA"), Lear East, LP, a Pennsylvania limited partnership ("Lear East"), Lear Automotive (EEDS) Spain S.L., an entity organized under the laws of Spain ("Lear Spain"), and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

RECITALS

WHEREAS, the Company, LOC, LCAH, Lear No. 50, Lear Interiors and the Trustee have entered into that certain Indenture dated as of March 20, 2001 (the "Indenture"), providing for the issuance and delivery by the Company of its 8 1/8% Senior Notes due 2008 (the "Notes");

WHEREAS, LCAS, Lear Tech, LMA, Lear East and Lear Spain, each of which is a direct or indirect subsidiary of the Company, will each become, concurrently with the execution and delivery of this Supplemental Indenture, a guarantor under the Principal Credit Facilities; and

WHEREAS, pursuant to Section 10.06 of the Indenture, any subsidiary of the Company that becomes a guarantor under the Principal Credit Facilities is required to become a Guarantor under the Indenture;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes:

Section 1. GUARANTEE.

For value received, each of LCAS, Lear Tech, LMA, Lear East and Lear Spain hereby agrees to become a party to the Indenture as a Guarantor under and pursuant to Article 10 of the Indenture and to jointly and severally unconditionally guarantee to each Holder and the Trustee (a) the due and punctual payment in full of principal of and interest on the Notes when due, whether at stated maturity, upon acceleration, redemption or otherwise, (b) the due and punctual payment in

full of interest on the overdue principal of and, to the extent permitted by law, interest on the Notes, and (c) the due and punctual payment of all other Obligations of the Company and the other Guarantors to the Holders and the Trustee under the Indenture and the Notes, including, without limitation, the payment of fees, expenses, indemnification or other amounts.

Section 2. MISCELLANEOUS.

2.1. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

2.2. Confirmation of the Indenture. Except as amended hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed in all respects.

2.3. Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent one and the same agreement.

2.4. Separability. Each provision of this Supplemental Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

2.5. Headings. The captions of the various section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

2.6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Guarantors.

2.7. Definitions. All terms defined in the Indenture shall have the same meaning in this Supplemental Indenture unless otherwise defined herein.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto caused this Supplemental Indenture to be duly executed as of this 16th day of November, 2001.

LEAR CORPORATION

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President & Treasurer

LEAR OPERATIONS CORPORATION

By: /s/ Edward Mahon

Name: Edward Mahon
Title: Authorized Officer

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President

LEAR SEATINGS HOLDINGS CORP. # 50

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Edward Mahon

Name: Edward Mahon
Title: Authorized Officer

LEAR TECHNOLOGIES, LLC
By: Lear Corporation,
its Sole Member

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNER
By: Lear Corporation Mendon,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR EAST, LP
By: Lear Corporation Global Development, Inc.,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

THE BANK OF NEW YORK, as Trustee

By: /s/ Luis Perez

Name: Luis Perez
Title: Asst. Vice President

EXHIBIT 4.7

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SUPPLEMENTAL INDENTURE

NO. 2

TO

INDENTURE DATED AS OF MARCH 20, 2001

==========

This SUPPLEMENTAL INDENTURE NO. 2 to INDENTURE (this "Supplemental Indenture") is entered into among Lear Corporation, a Delaware corporation (the "Company"), Lear Operations Corporation, a Delaware corporation ("LOC"), Lear Corporation Automotive Holdings, a Delaware corporation ("LCAH"), Lear Seatings Holdings Corp. # 50, a Delaware corporation ("Lear No. 50"), Lear Corporation EEDS and Interiors, a Delaware corporation ("Lear Interiors"), Lear Corporation Automotive Systems, an Ohio corporation ("LCAS"), Lear Technologies, LLC, a Delaware limited liability company ("Lear Tech"), Lear Midwest Automotive, Limited Partnership, a Delaware limited partnership ("LMA"), Lear East, LP, a Pennsylvania limited partnership ("Lear East"), Lear Automotive (EEDS) Spain S.L., an entity organized under the laws of Spain ("Lear Spain"), Lear Corporation Mexico, S.A. de C.V., an entity organized under the laws of Mexico ("Lear Mexico"), and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

RECITALS

WHEREAS, the Company, LOC, LCAH, Lear No. 50, Lear Interiors, LCAS, Lear Tech, LMA, Lear East, Lear Spain and the Trustee are parties to that certain Indenture dated as of March 20, 2001, as amended by Supplemental Indenture No. 1 thereto dated as of November 16, 2001 (the "Indenture"), providing for the issuance and delivery by the Company of its 8 1/8% Senior Notes due 2008 (the "Notes");

WHEREAS, Lear Mexico, an indirect subsidiary of the Company, will become, concurrently with the execution and delivery of this Supplemental Indenture, a guarantor under the Principal Credit Facilities; and

WHEREAS, pursuant to Section 10.06 of the Indenture, any subsidiary of the Company that becomes a guarantor under the Principal Credit Facilities is required to become a Guarantor under the Indenture;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes:

Section 1. GUARANTEE.

For value received, Lear Mexico hereby agrees to become a party to the Indenture as a Guarantor under and pursuant to Article 10 of the Indenture and to jointly and severally unconditionally guarantee to each Holder and the Trustee (a) the due and punctual payment in full of principal of and interest on the Notes when due, whether at stated maturity, upon acceleration, redemption or otherwise, (b) the due and punctual payment in full of interest on the overdue principal of and, to the extent permitted by law, interest on the Notes, and (c) the due and punctual payment of all other Obligations of the Company and the other Guarantors to the Holders and the Trustee under the Indenture and the Notes, including, without limitation, the payment of fees, expenses, indemnification or other amounts.

Section 2. MISCELLANEOUS.

2.1. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

2.2. Confirmation of the Indenture. Except as amended hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed in all respects.

2.3. Multiple Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent one and the same agreement.

2.4. Separability. Each provision of this Supplemental Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

2.5. Headings. The captions of the various section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

2.6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Guarantors.

2.7. Definitions. All terms defined in the Indenture shall have the same meaning in this Supplemental Indenture unless otherwise defined herein.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto caused this Supplemental Indenture to be duly executed as of this 15th day of January, 2002.

LEAR CORPORATION

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President & Treasurer

LEAR OPERATIONS CORPORATION

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President, Secretary & General Counsel

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President

LEAR SEATINGS HOLDINGS CORP. # 50

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR TECHNOLOGIES, LLC
By: Lear Corporation,
its Sole Member

By: /s/ Cameron Hitchcock

Name: Cameron Hitchcock
Title: Vice President and Treasurer

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNER
By: Lear Corporation Mendon,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR EAST, LP
By: Lear Corporation Global Development, Inc.,
as General Partner

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Vice President and Secretary

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

LEAR CORPORATION MEXICO, S.A. de C.V.

By: /s/ Joseph McCarthy

Name: Joseph McCarthy
Title: Authorized Representative

THE BANK OF NEW YORK, as Trustee

By: /s/ Thomas E. Tabor

Name: Thomas E. Tabor
Title: Vice President

EXHIBIT 4.8

INDENTURE

among

LEAR CORPORATION,

as Issuer,

THE GUARANTORS PARTY HERETO FROM TIME TO TIME,

as Guarantors,

and

THE BANK OF NEW YORK,

as Trustee

$640,000,000 Zero-Coupon Convertible Senior Notes due February 20, 2022

Dated as of February 20, 2002

TABLE OF CONTENTS

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	n/a
(a)(4)	n/a
(a)(5)	7.10
(b)	7.03; 7.10
(c)	n/a
311(a)	7.11
(b)	7.11
(c)	n/a
312(a)	2.06
(b)	11.03
(c)	11.03
313(a)	7.06
(b)(1)	n/a
(b)(2)	7.06; 7.07
(c)	7.06; 11.02
(d)	7.06
314(a)(1), (2), (3)	4.03; 11.05
(a)(4)	4.04
(b)	n/a
(c)(1)	11.04
(c)(2)	11.04
(c)(3)	n/a
(d)	n/a
(e)	11.05
(f)	n/a
315(a)	7.01(b)
(b)	7.05; 11.02
(c)	7.01(a)
(d)	7.01(c)
(e)	6.11
316(a)(last sentence)	2.12
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	n/a

Trust Indenture Act Section	Indenture Section
(b)	6.07
(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	11.01
(b)	n/a
(c)	11.01

"n/a" means not applicable.

*This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

Indenture, dated as of February 20, 2002, among Lear Corporation, a Delaware corporation (the "Company"), as issuer, the companies listed on the signature pages hereto that are subsidiaries of the Company (the "Guarantors"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE GUARANTORS

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Zero-Coupon Convertible Senior Notes due February 20, 2022 (the "Notes").

The Guarantors have duly authorized the execution and delivery of this Indenture to provide guarantees of the Notes and of certain of the obligations of the Company hereunder.

All things necessary to make this Indenture a valid agreement of the Company and the Guarantors, in accordance with its terms, have been done.

Upon the effectiveness of the Shelf Registration Statement (as defined herein), this Indenture shall be subject to, and shall be governed by, the provisions of the Trust Indenture Act of 1939, as amended, that are required or deemed to be part of and to govern indentures qualified thereunder.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed for the equal and ratable benefit of the Holders of the Notes, as follows:

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions.

"Accreted Value" means, at any date of determination, (1) prior to such time as the Notes are converted into Cash Pay Notes, the sum of (x) the Issue Price of each Note and (y) the portion of the excess of the Principal Amount of each Note over such Issue Price (the "Original Issue Discount") which shall have been amortized by the Company in accordance with GAAP through such date, such amount to be so amortized on a daily basis and compounded semi-annually on each August 20 and February 20 at the rate of 4.75% per annum from the Issue Date through the date of determination computed on the basis of a 360-day year of twelve 30-day months and (2) at or after such time as the Notes are converted to Cash Pay Notes, the Restated Principal Amount.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Restricted Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of the Company or assumed in connection with the acquisition of assets from such Person and not incurred by such Person in contemplation of such Person becoming a Restricted Subsidiary of the Company or such acquisition, and any refinancings thereof.

"Additional Interest" means additional interest as defined in Section 5(a) of the Registration Rights Agreement.

"Affiliate" means, when used with reference to the Company or another Person, any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company or such other Person, as the case may be. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Agent" means any Registrar, Paying Agent, Conversion Agent, authenticating agent or co-Registrar.

"Agent Members" has the meaning specified in Section 2.01.

"Attributable Value" means, in connection with a sale and lease-back transaction, the lesser of (i) the fair market value of the assets subject to such transaction and (ii) the present value (discounted at a rate per annum equal to the rate of interest implicit in the lease involved in such sale and lease-back transaction, as determined in good faith by the Company) of the obligations of the lessee for rental payments during the term of the related lease.

"Bankruptcy Law" means Title 11 of the U.S. Code or any similar federal, state or foreign law for the relief of debtors.

"Benefited Party" has the meaning specified in Section 10.01.

"Board of Directors" means, with respect to any Person, the Board of Directors of such Person or any duly authorized committee of such Board of Directors.

"Board Resolution" means a copy of a resolution certified by the secretary or an assistant secretary of such Person to have been duly adopted by the Board of Directors of such Person or any duly authorized committee thereof and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means a day that is not a Legal Holiday.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of or in such Person's capital stock or other equity interests, and options, rights or warrants to purchase such capital stock or other equity interests, whether now outstanding or issued after the Issue Date, including, without limitation, all preferred stock.

"Cash" has the meaning specified in Section 3.01(f).

"Cash Pay Notes" means the Notes, after they have been converted to semi-annual cash pay Notes following the occurrence of a Tax Event.

"Common Equity" of any Person means capital stock of such Person that is generally entitled to (1) vote in the election of directors of such Person or (2) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"Common Stock" means common stock of the Company, par value $0.01 per share, as it exists on the date of this Indenture and any shares of any class or classes of Capital Stock of the Company resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which are not subject to redemption by the Company; provided, however, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion of Notes shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common Stock Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"Company" means the party named as the Company in the first paragraph of this Indenture until one or more successor corporations shall have become such pursuant to the applicable provisions of this Indenture, and thereafter means such successors.

"Company Notice" has the meaning specified in Section 3.04(f).

"Company Notice Date" has the meaning specified in Section 3.04(f).

"Consolidated" or "consolidated" means, when used with reference to any amount, such amount determined on a consolidated basis in accordance with GAAP, after the elimination of intercompany items.

"Consolidated Assets" means at a particular date, all amounts which would be included under total assets on a consolidated balance sheet of the Company and its Restricted Subsidiaries as at such date, determined in accordance with GAAP.

"Continuing Director" means a director who either was a member of the Board of Directors of the Company on February 14, 2002 or who becomes a director of the Company subsequent to such date and whose election, or nomination for election by the Company's stockholders, was duly approved by a majority of the Continuing Directors on the Board of Directors of the Company at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the entire Board of Directors of the Company in which such individual is named as nominee for director.

"Conversion Agent" has the meaning specified in Section 2.04.

"Conversion Date" has the meaning specified in Section 3.07(b).

"Conversion Rate" has the meaning specified in Section 3.07(a).

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate services business shall be principally administered, which office at the date of execution of this Indenture is located at 101 Barclay Street, Floor 21W, New York, New York 10286.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"Default" means any event which is, or after notice or lapse of time or both would be, an Event of Default.

"Depositary" means The Depository Trust Company, its nominees and their respective successors.

"Distributed Securities" has the meaning specified in Section 3.08(c).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"Event of Default" has the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute.

"Existing Senior Notes" means the 7.96% Senior Notes due 2005, the 8.11% Senior Notes due 2009 and the 8 1/8% Senior Notes due 2008 issued by the Company.

"Fair Market Value" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) that would be negotiated in an arm's-length transaction for cash between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction, as such price is determined in good faith by the Board of Directors of the Company or a duly authorized committee thereof, as evidenced by a resolution of such Board or committee.

"Financing Lease" means (i) any lease of property, real or personal, the obligations under which are capitalized on a consolidated balance sheet of the Company and its Restricted Subsidiaries and (ii) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Fundamental Change" will be deemed to have occurred at such time after the Issue Date as any of the following occurs:

(a) any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of the consolidated assets of the Company and its Subsidiaries to any Person (other than a Subsidiary); provided, however, that a transaction where the holders of all classes of Common Equity of the Company immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of such Person immediately after such transaction shall not be a Fundamental Change;

(b) a "person" or "group" (within the meaning of Section 13(d) of the Exchange Act) (other than the Company) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of Common Equity of the Company representing more than 50% of the voting power of the Common Equity of the Company;

(c) Continuing Directors cease to constitute at least a majority of the Board of Directors of the Company; or

(d) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; provided, however, that a liquidation or dissolution of the Company which is part of a transaction that does not constitute a Fundamental Change under the proviso contained in clause (a) above shall not constitute a Fundamental Change.

A Fundamental Change will not be deemed to have occurred, however, if either:

(1) the Sale Price of the Common Stock for (a) any 10 Trading Days within the 20 consecutive Trading Days ending immediately before the Fundamental Change, and (b) at least five Trading Days within the 10 consecutive Trading Days ending immediately before the Fundamental Change, shall equal or exceed 105% of the Accreted Value, divided by the Conversion Rate, or

(2) both:

(a) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of Common Equity traded on a national securities exchange or quoted on the Nasdaq Stock Market (or which will be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as "Publicly Traded Securities") and as a result of such transaction or transactions the Notes become convertible solely into such Publicly Traded Securities (excluding cash payments for fractional shares); and

(b) the consideration to be received per share of Common Stock in the transaction or transactions constituting the Fundamental Change consists of cash, Publicly Traded Securities or a combination of cash and

Publicly Traded Securities with an aggregate fair market value (which, in the case of Publicly Traded Securities, shall be equal to the average closing price of such Publicly Traded Securities during the five consecutive Trading Days commencing with the Trading Day following consummation of the transaction or transactions constituting the Fundamental Change) of at least 105% of the Accreted Value, divided by the Conversion Rate.

"Fundamental Change Purchase Date" has the meaning specified in Section 3.03(a).

"Fundamental Change Notice" has the meaning specified in Section 3.03(b).

"Fundamental Change Purchase Notice" has the meaning specified in Section 3.03(c).

"Fundamental Change Purchase Price" has the meaning specified in Section 3.03(a).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are applicable from time to time.

"Global Notes" has the meaning specified in Section 2.01.

"Guarantee" means the guarantee of the Notes by each Guarantor under Article X hereof.

"Guarantor" means (i) each of the Subsidiaries of the Company which have executed this Indenture as a Guarantor as of the date hereof, and (ii) each of the Company's Subsidiaries, whether formed, created or acquired before or after the date hereof, which becomes a guarantor of Notes pursuant to the provisions of this Indenture.

"Holder" means the Person in whose name a Note is registered on the Registrar's books.

"Indebtedness" of a Person means all obligations which would be treated as liabilities upon a balance sheet of such Person prepared on a consolidated basis in accordance with GAAP.

"Indenture" means this Indenture, as amended, supplemented or modified from time to time.

"Interest Payment Date" has the meaning specified in Section 3.10.

"Investment" by any Person means:

(i) All investments by such Person in any other Person in the form of loans, advances or capital contributions;

(ii) all guarantees of Indebtedness or other obligations of any other Person by such Person;

(iii) all purchases (or other acquisitions for consideration) by such Person of Indebtedness, capital stock or other securities of any other Person;

(iv) all other items that would be classified as investments (including, without limitation, purchases outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with GAAP.

"Issue Date" means the date of this Indenture.

"Issue Price" of the Notes means, in connection with the original issuance of the Notes, $391.06 for each $1,000 Principal Amount of Notes.

"Legal Holiday" has the meaning specified in Section 11.07.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement or any Financing Lease having substantially the same economic effect as any of the foregoing).

"Market Price" as of any date means the average of the Sale Prices of the Common Stock for the 20 Trading Day period ending on the third Business Day (if the third Business Day prior to the applicable date is a Trading Day or, if not, then on the last Trading Day prior to such third Business Day) prior to such date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such Trading Days during such 20 Trading Day period and ending on such date, of certain events with respect to the Common Stock that would result in an adjustment of the Conversion Rate under this Indenture.

"Maturity" or "Maturity Date" means February 20, 2022.

"Moody's" means Moody's Investors Service, Inc. or any successor to its debt rating business.

"Non-U.S. Persons" means a person who is not a "U.S. person" (as defined in Regulation S under the Securities Act).

"Notes" means the Notes issued under this Indenture.

"Obligations" means all obligations for principal, premium, interest, accreted value, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" of any Person means the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, the Secretary or the Controller of such Person.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and an Assistant Treasurer, Assistant Secretary or Assistant Controller of any Person.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"Option Exercise Date" has the meaning specified in Section 3.10.

"Original Issue Discount" has the meaning specified in the definition of "Accreted Value."

"Paying Agent" has the meaning specified in Section 2.04.

"Permitted Liens" means:

(i) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of the Company or its Restricted Subsidiaries, as the case may be, in accordance with GAAP (or, in the case of Restricted Subsidiaries organized outside the United States, generally accepted accounting principles in effect from time to time in their respective jurisdictions of organization);

(ii) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen, repairmen, suppliers or other like Liens arising in the ordinary course of business relating to obligations not overdue for a period of more than 60 days or which are bonded or being contested in good faith by appropriate proceedings;

(iii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation, including any Lien securing letters of credit issued in the ordinary course of business in connection therewith and deposits securing liabilities to insurance carriers under insurance and self-insurance programs;

(iv) Liens (other than any Lien imposed by ERISA) incurred on deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds, utility payments and other obligations of a like nature incurred in the ordinary course of business;

(v) easements, rights-of-way, restrictions and other similar encumbrances incurred which, in the aggregate, do not materially interfere with the ordinary conduct of the business of the Company and its Restricted Subsidiaries taken as a whole;

(vi) attachment, judgment or other similar Liens arising in connection with court or arbitration proceedings fully covered by insurance or involving, individually or in the aggregate, no more than $40,000,000 at any one time, provided that the same are discharged, or that execution or enforcement thereof is stayed pending appeal, within 60 days or, in the case of any stay of execution or enforcement pending appeal, within such lesser time during which such appeal may be taken;

(vii) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business;

(viii) statutory Liens and rights of offset arising in the ordinary course of business of the Company and its Restricted Subsidiaries;

(ix) Liens in connection with leases or subleases granted to others and the interest or title of a lessor or sublessor (other than the Company or any of its Subsidiaries) under any lease; and

(x) Liens securing Indebtedness in respect of interest rate agreement obligations or currency agreement obligations or commodity hedging arrangements entered into to protect against fluctuations in interest rates or exchange rates or commodity prices and not for speculative reasons.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Principal Amount" of a Note means the principal amount of such Note at Maturity.

"Principal Credit Facilities" means:

(i) the Third Amended and Restated Credit and Guarantee Agreement, dated as of March 26, 2001, among Lear Corporation, Lear Canada, the Foreign Subsidiary Borrowers (as defined therein), the Lenders party thereto, Bank of America, N.A., Citibank, N.A. and Deutsche Banc Alex. Brown Inc., as Syndication Agents, The Bank of Nova Scotia, as Documentation Agent and Canadian Administrative Agent, The Other Agents Named in Schedule IX thereto and The Chase Manhattan Bank, as General Administrative Agent;

(ii) the Amended and Restated Revolving Credit and Term Loan Agreement, dated as of March 26, 2001, among Lear Corporation, the Foreign Subsidiary Borrowers (as defined therein), the Lenders party thereto, Citicorp USA, Inc. as Syndication Agent, Toronto Dominion (Texas), Inc., as Documentation Agent, the Other Agents Named in Schedule IX thereto and Chase Manhattan Bank, as Administrative Agent; and

(iii) the Term Loan Agreement, dated November 17, 1998, between Lear and Toronto Dominion (Texas), Inc., as amended;

in the case of each agreement listed in clauses (i) through (iii), including any related notes, collateral documents, security documents, instruments and agreements entered into in connection therewith and, in each case, as the same may be amended, supplemented or otherwise modified (including any agreement extending the maturity of, increasing the total commitment under or otherwise restructuring all or any portion of the Indebtedness under any such agreement or any successor or replacement agreement), renewed, refunded, replaced, restated or refinanced from time to time.

"Publicly Traded Securities" has the meaning specified in the definition of "Fundamental Change."

"Purchase Agreement" means the Purchase Agreement dated February 14, 2002, among the Company, the Guarantors party thereto and Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc. and Lehman Brothers Inc., as initial purchasers.

"Purchase Date" has the meaning specified in Section 3.04(a).

"Purchase Notice" has the meaning specified in Section 3.04(a)(1).

"Purchase Price" has the meaning specified in Section 3.04(a).

"Qualified Institutional Buyer" has the meaning set forth in Rule 144A.

"Receivable Financing Transaction" means any transaction or series of transactions involving a sale for cash of accounts receivable, without recourse based upon the collectibility of the receivables sold, by the Company or any of its Restricted Subsidiaries to a Special Purpose Subsidiary and a subsequent sale or pledge of such accounts receivable (or an interest therein) by such Special Purpose Subsidiary, in each case without any guarantee by the Company or any of its Restricted Subsidiaries (other than the Special Purpose Subsidiary).

"Redemption Date" means, with respect to any Notes to be redeemed, the date fixed for such redemption pursuant to this Indenture.

"Redemption Price" when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Register" has the meaning specified in Section 2.04.

"Registrar" has the meaning specified in Section 2.04.

"Regular Record Date" has the meaning specified in Section 3.10.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of February 14, 2002, among the Company, the Guarantors and Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc. and Lehman Brothers Inc.

"Responsible Officer" shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restated Principal Amount" has the meaning specified in Section 3.10.

"Restricted Securities" has the meaning specified in Section 2.07(e).

"Restricted Note Legend" has the meaning specified in Section 2.02(a)(i).

"Restricted Stock Legend" has the meaning specified in Section 2.02(c)(i).

"Restricted Subsidiary" means any Subsidiary other than a Unrestricted Subsidiary.

"Rule 144" has the meaning specified in Section 2.02(a)(ii).

"Rule 144A" has the meaning specified in Section 2.01.

"Rule 144(k)" has the meaning specified in Section 2.02(a)(ii).

"Sale Price" of the Common Stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal national securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a national or regional securities exchange, as reported on the Nasdaq Stock Market.

"S&P" means Standard and Poor's Ratings Group or any successor to its debt rating business.

"SEC" means the Securities and Exchange Commission and any government agency succeeding to its functions.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary which has:

(i) consolidated assets or in which the Company and its other Subsidiaries have Investments, equal to or greater than 5% of the total consolidated assets of the Company at the end of its most recently completed fiscal year; or

(ii) consolidated gross revenue equal to or greater than 5% of the consolidated gross revenue of the Company for its most recently completed fiscal year.

"Special Purpose Subsidiary" means any wholly owned Restricted Subsidiary of the Company created by the Company for the sole purpose of facilitating a Receivable Financing Transaction.

"Special Record Date" has the meaning specified in Section 3.11(c)(ii)(A).

"Subsidiary" of any Person means:

(i) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person or by such Person and a subsidiary or subsidiaries of such Person or by a subsidiary or subsidiaries of such Person; or

(ii) any other Person (other than a corporation) in which such Person or such Person and a subsidiary or subsidiaries of such Person or a subsidiary or subsidiaries of such Persons, at the time, directly or indirectly, own at least a majority voting interest under ordinary circumstances.

"Tax Event" means that the Company shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after February 14, 2002, as a result of:

(i) any amendment to, or change (including any announced prospective change) in, the laws, rules or regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or

(ii) any amendment to, or change in, an interpretation or application of such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority,

in each case which amendment or change is enacted, promulgated, issued or announced or which interpretation is issued or announced or which action is taken, on or after February 14, 2002, there is more than an insubstantial risk that interest (including Original Issue Discount) payable on the Notes either (i) would not be deductible on a current accrual basis, or (ii) would not be deductible under any other method, in either case in whole or in part, by the Company (by reason of deferral, disallowance, or otherwise) for U.S. federal income tax purposes.

"Tax Event Date" has the meaning specified in Section 3.10.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbbb), as in effect on the date of this Indenture; provided, however, that in the event the

TIA is amended after such date, "TIA" means, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended, or any successor statute.

"Trading Day" means (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or other national securities exchange is open for business or (y) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Trustee" means the party named as such in this Indenture until a successor replaces it and thereafter, means the successor.

"Unrestricted Subsidiary" means any Subsidiary designated as such by the Board of Directors of the Company; provided, however, that at the time of any such designation by the Board of Directors, such Subsidiary does not constitute a Significant Subsidiary; and provided, further, that at the time that any Unrestricted Subsidiary becomes a Significant Subsidiary it shall cease to be an Unrestricted Subsidiary.

"U.S. Government Obligations" means (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America and which in either case, are non-callable at the option of the issuer thereof.

SECTION 1.02 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Guarantees;

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Company, the Guarantors and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.03 Rules of Construction.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) "including" means including without limitation;

(v) words in the singular include the plural, and in the plural include the singular;

(vi) provisions apply to successive events and transactions; and

(vii) statements relating to the payment of interest shall include the payment of Additional Interest, if any.

ARTICLE II

THE NOTES

SECTION 2.01 Form and Dating.

The Notes and the Trustee's certificate of authentication shall be substantially in the form annexed hereto as Exhibit A with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Notes may have notations, legends or endorsements required by law or stock exchange agreements to which the Company is subject. Each Note shall be dated the date of its authentication. The Notes shall be in minimum denominations of $1,000 Principal Amount and integral multiples thereof. The terms and provisions contained in the form of the Note annexed hereto as Exhibit A shall constitute, and are hereby expressly made, a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any Note in global form (a "Global Note") shall represent such of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect exchanges, redemptions, purchases or conversions of such Notes permitted by this Indenture. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the Principal Amount of outstanding Notes represented thereby shall be made by the Trustee. Payment of Principal Amount, Accreted Value, accrued Additional Interest, if any, Redemption Price, Purchase Price, Fundamental Change Purchase Price or interest, if any, on any Global Note shall be made to the Holder of such Note.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary or under the Global Note, and the Depositary (including, for this purpose, its nominee) may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and Holder of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall (A) prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or (B) impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Notes.

The Company initially appoints The Depository Trust Company to act as Depositary with respect to the Global Notes. Initially, the Global Note or Notes will be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Trustee, as custodian for Cede & Co.

Notes offered and sold to Qualified Institutional Buyers in reliance on Rule 144A under the Securities Act (or any successor provision) ("Rule 144A") and Notes offered and sold outside the United States to persons other than "U.S. persons", as defined in Regulation S under the Securities Act ("Non-U.S. Persons"), in reliance on Regulation S under the Securities Act shall be (i) issued initially only in the form of one or more permanent Global Notes in registered form without interest coupons, (ii) duly executed by the Company and authenticated by the Trustee as hereinafter provided, (iii) registered in the name of the Depositary or its nominee for credit to the respective accounts of Holders at the Depositary and (iv) deposited with the Trustee, as custodian for the Depositary. Global Notes shall be substantially in the form set forth in Exhibit A attached hereto. The aggregate Principal Amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, in accordance with the instructions given by the Holder thereof, as hereinafter provided.

Notes that are not Restricted Securities shall not bear the Restricted Note Legend.

The definitive Notes shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Notes may be listed, all as determined by the Officers executing such Notes, as evidenced by their execution of such Notes.

SECTION 2.02 Restrictive Legends.

(a) Restricted Note Legend.

(i) Except as permitted by the clause (ii) of this Section 2.02(a) or Section 2.07, each Note certificate shall bear the following legend (the "Restricted Note Legend"):

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED

STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE AND COMMON STOCK ISSUABLE UPON CONVERSION OR OTHERWISE IN RESPECT HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE AND THE COMMON STOCK ISSUABLE UPON CONVERSION OR OTHERWISE IN RESPECT HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THE NOTES OR THE COMMON STOCK EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.

(ii) Upon any sale or transfer of a Note that is a Restricted Security in compliance with Rule 144 or any successor provision ("Rule 144") or pursuant to an effective registration statement under the Securities Act or after the expiration of the holding period applicable to sales of the securities evidenced hereby under Rule 144(k) under the Securities Act (or any successor provision) ("Rule 144(k)"), the Registrar shall permit the Holder thereof to exchange such Restricted Security for an interest in a Global Note that does not bear the Restricted Note Legend, and shall rescind any restriction on the transfer of such Restricted Security.

(b) Global Note Legend. Each Global Note shall also bear the following legend on the face thereof:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO LEAR CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(c) Common Stock Legend.

(i) Except as permitted by the clause (ii) of this Section 2.02(c) or Section 2.07, each Common Stock certificate required to bear a legend pursuant to Section 2.07(e) shall bear the substantially the following legend (the "Restricted Stock Legend"):

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND ACCORDINGLY THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN

(A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THIS SECURITY EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.

(ii) Upon any sale or transfer of Common Stock that is a Restricted Security in compliance with Rule 144 or pursuant to an effective registration statement under the Securities Act or after the expiration of the holding period applicable to sales of the securities evidenced hereby under Rule 144(k), the holder of a Common Stock certificate bearing the legend set forth in Section 2.02(c)(i) may exchange such security for a security that does not bear the Restricted Stock Legend, and any restriction on the transfer of such security shall be rescinded.

SECTION 2.03 Execution and Authentication.

Two Officers shall sign the Notes for the Company by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall be valid nevertheless.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

The Trustee shall authenticate and deliver Notes for original issue in an aggregate Principal Amount of up to $640,000,000 upon a Company Order by the Company. The aggregate Principal Amount of Notes outstanding at any time may not exceed the amount set forth in the foregoing sentence, except as provided in Section 2.08.

SECTION 2.04 Registrar, Paying Agent and Conversion Agent.

The Company shall maintain an office or agency where the Notes may be presented for registration of transfer or for exchange (the "Registrar"), an office or agency where Notes may be presented for purchase or payment (the "Paying Agent") and an office or agency where Notes may be presented for conversion (the "Conversion Agent"). The Registrar shall keep a register of the Notes (the "Register") and of their transfer and exchange. The Company may appoint one or more co-Registrars, one or more additional Paying Agents and one or more additional Conversion Agents for the Notes. The term "Paying Agent" includes any additional paying agent, the term "Registrar" includes any additional registrar and the term "Conversion

Agent" includes any additional conversion agent. The Company may change any Paying Agent, Registrar or Conversion Agent without prior notice to any Holder.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the terms of the TIA and implement the terms of this Indenture which relate to such Agent. The Company shall give prompt written notice to the Trustee of the name and address of any Agent who is not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such. The Company or any Affiliate of the Company may act as Paying Agent, Registrar or Conversion Agent; provided, however, that none of the Company, its Subsidiaries or the Affiliates of the foregoing shall act (i) as Paying Agent in connection with redemptions, offers to purchase and discharges, as otherwise specified in this Indenture, and (ii) as Paying Agent, Registrar or Conversion Agent if a Default or Event of Default has occurred and is continuing.

The Company hereby initially appoints the Trustee as Registrar, Paying Agent and Conversion Agent for the Notes.

SECTION 2.05 Paying Agent to Hold Assets in Trust.

Not later than 11:00 a.m. (New York City time) on each due date of any payment in respect of the Notes, the Company shall deposit with one or more Paying Agents money in immediately available funds sufficient to pay the amount so becoming due. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of amounts in respect of the Notes (whether such money has been paid to it by the Company or any other obligor on the Notes, including any Guarantor) and shall notify the Trustee of any failure by the Company (or any other obligor on the Notes, including any Guarantor) in making any such payment. While any such failure continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary of the Company) shall have no further liability for the money so paid over to the Trustee.

If the Company or any Subsidiary of the Company or any Affiliate of any of them acts as Paying Agent, it shall, prior to or on each due date of any amount payable in respect of the Notes, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient with monies held by all other Paying Agents, to pay such amount so becoming due until such sum of money shall be paid to such Holders or otherwise disposed of as provided in this Indenture, and will promptly notify the Trustee of its actions or failure to act.

SECTION 2.06 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders, and shall otherwise comply with Section 312(a) of the TIA. If the Trustee is not the Registrar, the Company shall furnish to

the Trustee prior to or on each Interest Payment Date for the Notes and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, relating to such Interest Payment Date or request, as the case may be.

SECTION 2.07 Exchange and Registration of Transfer of Notes; Restrictions on Transfers; Depositary.

(a) Upon surrender for registration of transfer of any Note at any office or agency of the Company designated as Registrar or co-registrar pursuant to Section 2.04 and satisfaction of the requirements for such transfer set forth in this Section 2.07, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate Principal Amount and bearing such restrictive legends as may be required by this Indenture.

Notes may be exchanged for a like aggregate Principal Amount of Notes of other authorized denominations. Notes to be exchanged shall be surrendered at any office or agency to be maintained by the Company designated as Registrar or co-registrar pursuant to Section 2.04 and the Company shall execute and register, and the Trustee shall authenticate and deliver in exchange therefor, the Note or Notes which the Holder making the exchange shall be entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented for registration of transfer or for exchange into like Notes, purchase, redemption or conversion into Common Stock or payment shall (if so required by the Company, the Trustee, the Registrar or any co-registrar) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee, duly executed by the Holder or such Holder's attorney duly authorized in writing.

No service charge shall be charged to the Holder for any exchange for like Notes or registration of transfer of Notes, but the Company may require payment of a sum sufficient to cover any tax, assessments or other governmental charges that may be imposed in connection therewith.

None of the Company, the Trustee, the Registrar or any co-registrar shall be required to exchange for like Notes or register a transfer of (a) any Notes for a period of 15 days next preceding any selection of Notes to be redeemed, or (b) any Notes or portions thereof selected or called for redemption, except the unredeemed portion of any Note redeemed in part.

All Notes issued upon any transfer or exchange for like Notes shall be valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such exchange or transfer.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, or unless otherwise required by law, all Notes that are so eligible may be represented by one or more Global Notes registered in the name of the Depositary or the nominee of the Depositary, except as otherwise specified below. The transfer and exchange of beneficial

interests in such Global Notes shall be effected through the Depositary in accordance with this Indenture and the procedures of the Depositary therefor.

Notes that upon initial issuance are beneficially owned by Qualified Initial Buyers or Non-U.S. Persons will be represented by one or more Global Notes. Transfers of interests in a Global Note will be made in accordance with the standing instructions and procedures of the Depositary and its participants. The Trustee shall make appropriate endorsements to reflect increases or decreases in the Principal Amounts of such Global Notes as set forth on the schedule appended to the Global Note to reflect any such transfers.

Except as provided below, beneficial owners of a Global Note shall not be entitled to have certificates registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and will not be considered Holders of such Global Notes.

(c) So long as the Notes are eligible for book-entry settlement, or unless otherwise required by law, upon any transfer of a definitive Note which the transferee wishes to take delivery of in the form of an interest in a Global Note and upon receipt of the definitive Note or Notes being so transferred, together with a certification, substantially in the form of the reverse of the Note, from the transferor that the transfer is being made in compliance with applicable securities laws (or other evidence satisfactory to the Trustee), the Trustee shall make an endorsement on the Global Note to reflect an increase in the aggregate Principal Amount of the Notes represented by the Global Note, the Trustee shall cancel such Note or Notes in certificated form in accordance with the standing instructions and procedures of the Depositary and the aggregate Principal Amount of Notes represented by the Global Note will be increased accordingly; provided that no definitive Note, or portion thereof, in respect of which the Company or an Affiliate of the Company held any beneficial interest shall be included in such Global Note until such definitive Note is not a Restricted Security; provided, further, that upon any transfer of a beneficial interest in any Global Note to the Company or any Affiliate of the Company, the Company shall issue and the Trustee, upon receipt of an Officers' Certificate and Company Order for authentication and delivery of Notes, shall authenticate and deliver, Notes in certificated form, in an aggregate Principal Amount equal to the Principal Amount or the portion thereof of the Global Note transferred, in exchange for such portion of such Global Note and the Trustee shall make an endorsement on the Global Note to reflect a corresponding decrease in the aggregate Principal Amount of the Global Note.

(d) Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Depositary, by the National Association of Securities Dealers, Inc. or by the New York Stock Exchange in order for the Notes to be tradeable on The Portal Market or as may be required for the Notes to be tradeable on any other market developed for trading of securities pursuant to Rule 144A or required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange upon which the Notes may be listed or traded or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

(e) Every Note that bears or is required under this Section 2.07(e) to bear the legend set forth in Section 2.02 (a)(together with any Common Stock issued upon conversion of the Notes and required to bear the legend set forth in Section 2.02(c), collectively, the "Restricted Securities") shall be subject to the restrictions on transfer set forth in this Section 2.07(e) (including those set forth in the legends set forth in Section 2.02) unless such restrictions on transfer have lapsed by their terms or shall be waived by written consent of the Company, and the holder of each such Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in Sections 2.07(e) and 2.07(f), the term "transfer" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the expiration of the holding period applicable to sales thereof under Rule 144(k), any certificate evidencing such Note (and all securities issued in exchange therefor or in substitution thereof, other than Common Stock, if any, issued upon conversion therefor, which shall bear the legend set forth in Section 2.02(c), if applicable) shall bear a legend in substantially the form set forth in Section 2.02(a), unless such Note has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer), such Note has been transferred in compliance with Rule 144 or unless otherwise agreed by the Company in writing, with written notice thereof to the Trustee.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired as set forth in Section 2.02(a)(ii) or as to which the conditions for removal of the legend set forth in Section 2.02(a)(ii) have been satisfied may, upon surrender of such Notes for exchange to the Registrar in accordance with the provisions of this Section 2.07, be exchanged for a new Note or Notes, of like tenor and aggregate Principal Amount, which shall not bear the restrictive legend required by Section 2.02(a) or this Section 2.07(e).

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.07(e)), a Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee or to a successor Depositary or a nominee of such successor Depositary.

If at any time the Depositary for a Global Note notifies the Company that it is unwilling or unable to continue as Depositary for such Note, the Company may appoint a successor Depositary with respect to such Note. If (A) a successor Depositary for the Note is not appointed by the Company within 90 days after the Company receives such notice, (B) the Company in its sole discretion determines not to have the Notes represented by a Global Note or (C) upon the request of a Holder in the event of that an Event of Default has occurred and is continuing, the Company will execute, and the Trustee, upon receipt of an Officers' Certificate and Company Order for authentication and delivery of Notes, will authenticate and deliver, Notes in certificated form, in an aggregate Principal Amount equal to the Principal Amount of the Global Note (or portion thereof, in the case of a request by a Holder), in exchange for such Global Note. Such exchange shall be effected in accordance with such rules and procedures of the Depositary as are applicable to the exchange. Only Restricted Securities shall be issued in exchange for Global Notes that constitute "restricted securities" under Rule 144.

Notes in certificated form issued in exchange for all or a part of a Global Note pursuant to this Section 2.07 shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Notes in certificated form to the Persons in whose names such Notes in certificated form are so registered.

At such time as all interests in a Global Note have been redeemed, converted, exchanged, repurchased or canceled for Notes in certificated form, or transferred to a transferee who receives Notes in certificated form, such Global Note shall be, upon receipt thereof, canceled by the Trustee. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Notes in certificated form, redeemed, converted, exchanged, repurchased by the Company or canceled, or transferred for part of another Global Note, the Principal Amount of such Global Note shall be reduced or increased, as the case may be, and an endorsement shall be made on such Global Note by the Trustee to reflect such reduction or increase.

Until the expiration of the holding period applicable to sales thereof under Rule 144(k), any stock certificate representing Common Stock issued upon conversion of a Note shall bear a legend in substantially the form set forth in Section 2.02(c), unless such Common Stock has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or such Common Stock has been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has been declared effective under the Securities Act, such Common Stock has been transferred in compliance with Rule 144 or unless otherwise agreed by the Company in writing with written notice thereof to the transfer agent for the Common Stock.

Any such Common Stock as to which such restrictions on transfer shall have expired in accordance with the terms of Section 2.02(c)(ii) or as to which the conditions for removal of the legend set forth in Section 2.02(c)(ii) have been satisfied may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like number of shares of Common Stock, which shall not bear the restrictive legend required by Section 2.02(c) or this Section 2.07(e).

(f) Any Note or Common Stock issued upon the conversion or exchange of a Note that, prior to the expiration of the holding period applicable to sales thereof under Rule 144(k), is purchased or owned by the Company or any Affiliate thereof may not be resold by the Company or such Affiliate unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction which results in such Notes or Common Stock, as the case may be, no longer being "restricted securities" (as defined under Rule 144).

(g) By its acceptance of any Note bearing the Restricted Note Legend, each Holder of such a Note acknowledges the restrictions on transfer set forth in this Indenture and such legend and agrees that it will transfer such securities only as provided in this Indenture or such legend. The Registrar shall not register a transfer of any such securities unless such transfer complies with the restrictions on transfer set forth in this Indenture and such legend. The

Registrar shall be entitled to receive and rely on written instructions from the Company verifying that such transfer complies with such restrictions on transfer. In connection with any transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; provided that the Registrar shall not be required to determine (but may conclusively rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

By its acceptance of any Common Stock certificate bearing the Restricted Stock Legend, each holder of such a security acknowledges the restrictions on transfer set forth in this Indenture and such legend and agrees that it will transfer such securities only as provided in this Indenture or such legend.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Section 2.07. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

SECTION 2.08 Replacement Notes.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Note if the requirements of the Trustee and the Company are met; provided that, if any such Note has been called for redemption in accordance with the terms thereof, the Trustee may pay the Redemption Price thereof on the Redemption Date without authenticating or replacing such Note. The Trustee or the Company may, in either case, require the Holder to provide an indemnity bond sufficient in the judgment of each of the Trustee and the Company to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Note is replaced or if the Redemption Price therefor is paid pursuant to this Section 2.08. The Company may charge the Holder who has lost a Note for its expenses in replacing a Note.

Every replacement Note is an obligation of the Company and shall be entitled to the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

SECTION 2.09 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee, except for (i) those cancelled by it, (ii) those delivered to it for cancellation and (iii) those described in this Section as not outstanding.

If a Note is replaced pursuant to Section 2.08 hereof, it ceases to be outstanding and interest ceases to accrue unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If all amounts payable in respect of any Note are considered paid under Section 4.01 hereof, such Note ceases to be outstanding and Original Issue Discount and/or interest on it ceases to accrue.

Except as provided in Section 2.10 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds such Note.

SECTION 2.10 Treasury Notes.

In determining whether the Holders of the required Principal Amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or an Affiliate of the Company shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which such Trustee actually knows are so owned shall be so disregarded.

SECTION 2.11 Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and execute, and the Trustee shall authenticate upon a written order of the Company signed by one Officer of the Company, temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare, and the Trustee shall authenticate, definitive Notes in exchange for temporary Notes. Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

SECTION 2.12 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange, payment, conversion or repurchase. The Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, repurchase, redemption, replacement, conversion or cancellation and shall return such cancelled Notes to the Company upon the Company's written request (subject to the record retention requirements of the Exchange Act). The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.13 CUSIP and ISIN Numbers.

The Company in issuing the Notes may use "CUSIP" and "ISIN" numbers (if then generally in use), and the Trustee shall use CUSIP and ISIN numbers in notices of redemption or exchange as a convenience to Holders; provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any such notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the CUSIP or ISIN numbers.

SECTION 2.14 Special Record Dates.

The Company may, but shall not be obligated to, set a record date for the purpose of determining the identity of Holders of Notes entitled to consent to any supplement, amendment or waiver permitted by this Indenture. If a record date is fixed, the Holders of Notes outstanding on such record date, and no other Holders, shall be entitled to consent to such supplement, amendment or waiver or revoke any consent previously given, whether or not such Holders remain Holders after such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from Holders of the Principal Amount of Notes required hereunder for such amendment or waiver to be effective shall have also been given and not revoked within such 90-day period.

ARTICLE III
REDEMPTION AND CONVERSIONS

SECTION 3.01 Optional Redemption by the Company.

(a) Right to Redeem; Notice to Trustee. The Company, at its option, may redeem the Notes, in whole or in part, in accordance with the provisions of paragraphs 5 and 7 of the Notes. If the Company elects to redeem Notes pursuant to paragraph 5 of the Notes, it shall notify the Trustee in writing of the Redemption Date, the Principal Amount of Notes to be redeemed, the Redemption Price and the amount of accrued and unpaid interest, if any, on Cash Pay Notes from the date of conversion to Cash Pay Notes through the Redemption Date. The Company shall give the notice to the Trustee provided for in this Section 3.01(a) and an Officers' Certificate at least 45 days before the Redemption Date (unless a shorter period shall be satisfactory to the Trustee).

(b) Selection of Notes to Be Redeemed. If fewer than all the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed from the outstanding Notes by a method that complies with the requirements of any exchange on which the Notes are listed, or, if the Notes are not listed on an exchange, on a pro rata basis or by lot or in accordance with any other method the Trustee considers fair and appropriate.

Notes and portions thereof that the Trustee selects shall be in amounts equal to the minimum authorized denomination for Notes to be redeemed or any integral multiple thereof. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Company promptly in writing of the Notes or portions of Notes to be called for redemption.

If any Note selected for partial redemption is thereafter surrendered for conversion in part before termination of the conversion right with respect to the portion of the Note so selected, the converted portion of such Note shall be deemed (so far as may be), solely for purposes of determining the aggregate Principal Amount of Notes to be redeemed by the Company, to be the portion selected for redemption. Notes which have been converted during a selection of Notes to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection. Nothing in this Section 3.01(b) shall affect the right of any Holder to convert

any Note pursuant to Sections 3.06, 3.07 and 3.08 before the termination of the conversion right with respect thereto.

(c) Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date, the Company shall provide notice of redemption to each Holder of Notes to be redeemed.

The notice shall identify the Notes to be redeemed and shall state:

(1) the Redemption Date;

(2) the Redemption Price and, to the extent known at the time of such notice, the amount of accrued and unpaid interest, if any, with respect to Cash Pay Notes payable on the Redemption Date;

(3) the then current Conversion Rate;

(4) the name and address of the Paying Agent and the Conversion Agent;

(5) that Notes called for redemption must be presented and surrendered to the Paying Agent to collect the Redemption Price and, with respect to Cash Pay Notes, accrued and unpaid interest, if any;

(6) that the Notes called for redemption may be converted at any time before the close of business on the Redemption Date;

(7) that Holders who wish to convert Notes must comply with the procedures in paragraph 8 of the Notes;

(8) that, unless the Company defaults in making payment of such Redemption Price, Original Issue Discount and interest, if any, on the Notes called for redemption will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the Redemption Price upon presentation and surrender to the Paying Agent of the Notes;

(9) if fewer than all the outstanding Notes are to be redeemed, the certificate number and Principal Amounts of the particular Notes to be redeemed; and

(10) the CUSIP and ISIN number or numbers for the Notes called for redemption.

At the Company's written request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. The notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Notes shall not affect the validity of the proceeding for the redemption of any other Notes.

(d) Effect of Notice of Redemption. Once notice of redemption is given, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price calculated as contemplated by paragraph 5 of the Notes and stated in the notice, except for Notes that are converted in accordance with the provisions of Sections 3.07, 3.08 and 3.09. Upon presentation and surrender to the Paying Agent, Notes called for redemption shall be paid at the Redemption Price (together with accrued and unpaid interest, if any, with respect to Cash Pay Notes).

(e) Sinking Fund. There shall be no sinking fund provided for the Notes.

(f) Deposit of Redemption Price. On or before 11:00 a.m. (New York City time) on the Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company or an Affiliate of the Company is acting as the Paying Agent, shall segregate and hold in trust) an amount of money in U.S. legal tender ("Cash") sufficient to pay the aggregate Redemption Price of, and, with respect to any Cash Pay Notes, any accrued and unpaid interest with respect to, all the Notes to be redeemed on that date other than the Notes or portions thereof called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Trustee and the Paying Agent shall, as promptly as practicable, return to the Company any money not required for that purpose because of conversion of the Notes in accordance with the provisions of Sections 3.07, 3.08 and 3.09. If such money is then held by the Company or a Subsidiary in trust and is not required for such purpose, it shall be discharged from such trust.

SECTION 3.02 Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder at the expense of the Company, a new Note equal in Principal Amount to the unredeemed and unconverted portion of the Note surrendered.

SECTION 3.03 Purchase at Option of the Holder upon a Fundamental Change.

(a) If a Fundamental Change shall occur at any time, each Holder of Notes shall have the right, at such Holder's option, to require the Company to purchase such Holder's Notes on the date (the "Fundamental Change Purchase Date") that is 35 Business Days after the date of the Fundamental Change. The Notes shall be purchased in integral multiples of $1,000 of Principal Amount. The Company shall purchase such Notes at a price per Note (the "Fundamental Change Purchase Price") equal to the Accreted Value on the Fundamental Change Purchase Date; provided, however, that if prior to the Fundamental Change Purchase Date, the Company elects to convert the Notes to Cash Pay Notes, the Fundamental Change Purchase Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion to the Fundamental Change Purchase Date. No Notes may be purchased at the option of the Holders due to a Fundamental Change if there has occurred and is continuing an Event of Default other than an Event of Default that is cured by the payment of the Fundamental Change Purchase Price of all such Notes.

(b) The Company, or at its request (which must be received by the Trustee at least three Business Days (or such lesser period as agreed to by the Trustee) prior to the date the Trustee is requested to give such notice as described below) the Trustee in the name of and at the expense of the Company, shall mail to all Holders of record of the Notes a notice (a "Fundamental Change Notice") of the occurrence of a Fundamental Change and of the purchase right arising as a result thereof, on or before the 20th day after the occurrence of such Fundamental Change.

The Fundamental Change Notice shall state:

(1) briefly, the events causing a Fundamental Change and the date of such Fundamental Change;

(2) the date by which the Fundamental Change Purchase Notice pursuant to this Section 3.03 must be given;

(3) the Fundamental Change Purchase Date;

(4) the Fundamental Change Purchase Price;

(5) the name and address of the Paying Agent and the Conversion Agent;

(6) the Conversion Rate and any adjustments thereto applicable on the date the Fundamental Change Notice is given to the Holders;

(7) that Notes as to which a Fundamental Change Purchase Notice has been given may be converted pursuant to Sections 3.07, 3.08 and 3.09 of this Indenture only if the applicable Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(8) that Notes must be surrendered to the Paying Agent for cancellation to collect payment of the Fundamental Change Purchase Price;

(9) that the Fundamental Change Purchase Price for any Note as to which a Fundamental Change Purchase Notice has been duly given and not withdrawn will be paid promptly following the later of the Fundamental Change Purchase Date and the time of surrender of such Note as described in (8);

(10) briefly, the procedures the Holder must follow to exercise rights under this Section 3.03;

(11) whether the Company will pay the Fundamental Change Purchase Price in Cash or Common Stock or any combination thereof, specifying the percentages of each and, if the Company elects to pay all or any portion of the Fundamental Change Purchase Price in Common Stock, the Fundamental Change Notice shall also include the information set forth in Section 3.03(g);

(12) briefly, the conversion rights of the Notes;

(13) the procedures for withdrawing a Fundamental Change Purchase Notice;

(14) that, unless the Company defaults in making payment of such Fundamental Change Purchase Price, Original Issue Discount on Notes covered by any Fundamental Change Purchase Notice (or interest, if the Notes have been converted into Cash Pay Notes pursuant to Section 3.10 of this Indenture) will cease to accrue on and after the Fundamental Change Purchase Date; and

(15) the CUSIP number or ISIN number of the Notes.

The Company shall promptly furnish to the Trustee a copy of such notice.

(c) For a Note to be so purchased at the option of the Holder, the Paying Agent must receive a written notice of purchase (a "Fundamental Change Purchase Notice"), the form of which appears on the reverse of the Notes under the heading "Option to Elect to Purchase Upon a Fundamental Change" duly completed prior to the close of business on the Fundamental Change Purchase Date stating:

(1) if certificated, the certificate numbers of the Notes which the Holder shall deliver to be purchased;

(2) the portion of the Principal Amount of the Notes which the Holder shall deliver to be purchased, which portion must be $1,000 in Principal Amount or a multiple thereof;

(3) that such Notes shall be purchased as of the Fundamental Change Purchase Date pursuant to the terms and conditions specified in paragraph 6 of the Notes and this Indenture; and

(4) if the Company elects, pursuant to a Fundamental Change Notice, to pay all or a portion of the Fundamental Change Purchase Price, in Common Stock but such portion of the Fundamental Change Purchase Price shall ultimately be payable to such Holder in Cash because any of the conditions to the payment of the Fundamental Change Purchase Price in Common Stock are not satisfied prior to or on the Fundamental Change Purchase Date, as set forth in Section 3.03(f), whether such Holder elects (x) to withdraw such Fundamental Change Purchase Notice as to some or all of the Notes to which such Fundamental Change Purchase Notice relates (stating the Principal Amount of the Notes as to which such withdrawal shall relate), or (y) to receive Cash in respect of the entire Fundamental Change Purchase Price for all Notes (or portions thereof) to which such Fundamental Change Purchase Notice relates.

If a Holder, in such Holder's Fundamental Change Purchase Notice (and in any written notice of withdrawal of a portion of a Holder's Notes previously submitted for purchase pursuant to a Fundamental Change Purchase Notice, the portion that remains subject to the Fundamental Change Purchase Notice), fails to indicate such Holder's choice with respect to the election regarding a conditional withdrawal pursuant to the terms of clause (4) of this Section 3.03(c),

such Holder shall be deemed to have elected to receive Cash in respect of all Notes subject to such Fundamental Change Purchase Notice in the circumstances set forth in such clause (4).

In addition to delivering a Fundamental Change Purchase Notice as contemplated above, the Holder must arrange for delivery or book-entry transfer of Note or Notes which is the subject of the Fundamental Change Purchase Notice to the Paying Agent prior to, on or after the Fundamental Change Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery or transfer being a condition to receipt by the Holder of the Fundamental Change Purchase Price therefor; provided that the Fundamental Change Purchase Price shall be so paid pursuant to this Section 3.03 only if the Note or Notes so delivered or transferred to the Paying Agent shall conform in all respects to the description thereof in the related Fundamental Change Purchase Notice.

All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for purchase shall be determined by the Company, whose determination shall be final and binding.

The Company shall purchase from the Holder thereof, pursuant to this Section 3.03, a portion of a Note if the Principal Amount of such portion is $1,000 or a multiple of $1,000 if so requested by the Holder. Provisions of this Indenture that apply to the purchase of all of a Note also apply to the purchase of such portion of such Note.

Any purchase by the Company contemplated pursuant to the provisions of this Section 3.03 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Fundamental Change Purchase Date and the time of delivery or book-entry transfer of the Note.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Purchase Notice contemplated by this Section 3.03 shall have the right at any time prior to the close of business on the Fundamental Change Purchase Date to withdraw such Fundamental Change Purchase Notice (in whole or in part) by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.06(a).

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Purchase Notice or written notice of withdrawal thereof.

(d) Company's Right to Elect Manner of Payment of Fundamental Change Purchase Price. The Company may elect to pay the Fundamental Change Purchase Price in respect of the Notes to be purchased pursuant to this Section 3.03, in Cash or Common Stock, or in any combination of Cash and Common Stock, subject to the conditions set forth in Section 3.03(f). The Company shall designate, in the Fundamental Change Notice delivered pursuant to Section 3.03(b), whether the Company shall purchase the Notes for Cash or Common Stock, or, if a combination thereof, the percentages of the Fundamental Change Purchase Price in respect of which it shall pay in Cash and/or Common Stock; provided that the Company shall pay Cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all Notes subject to purchase by the Company held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder

whose Notes are purchased pursuant to this Section 3.03 shall receive the same percentage of Cash and/or Common Stock in payment of the Fundamental Change Purchase Price for such Notes, except (i) as provided in Section 3.03(f) with regard to the payment of Cash in lieu of fractional interests in Common Stock and (ii) in the event that the Company is unable to purchase the Notes of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable federal or state securities laws cannot be obtained, the Company may purchase the Notes of such Holder or Holders for Cash, subject to the elections made in the Fundamental Change Purchase Notice. Once the Company has given its Fundamental Change Notice to Holders, the Company may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid except pursuant to this Section 3.03(d) or Section 3.03(f).

At least five Business Days before the date the Fundamental Change Notice is given (or such shorter period as agreed to by the Trustee), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(1) the manner of payment selected by the Company;

(2) the information required by Section 3.03(g);

(3) if the Company elects to pay the Fundamental Change Purchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 3.03(f) have been or shall be complied with; and

(4) whether the Company desires the Trustee to give the Company Notice required by Section 3.04(f).

(e) Purchase with Cash. On the Fundamental Change Purchase Date, at the option of the Company, the Fundamental Change Purchase Price in respect of which a Fundamental Change Purchase Notice pursuant to Section 3.03(c) has been given, or a specified percentage thereof, may be paid by the Company with Cash equal to the aggregate Fundamental Change Purchase Price, or such specified percentage thereof, as the case may be, of such Notes.

(f) Payment by Issuance of Common Stock. On the Fundamental Change Purchase Date, at the option of the Company, subject to Section 3.03(d), the Fundamental Change Purchase Price of Notes in respect of which a Fundamental Change Purchase Notice pursuant to Section 3.03(c) has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (x) the amount of Cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Fundamental Change Purchase Price of such Notes in Cash by (y) the Market Price of a share of Common Stock calculated as of the Fundamental Change Purchase Date, subject to the next succeeding paragraph.

The Company shall not issue a fractional share of Common Stock in payment of the Fundamental Change Purchase Price. Instead the Company shall pay Cash for the current market value of the fractional share. The current market value of a fraction of a share shall be

determined by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent. It is understood that if a Holder elects to have more than one Note purchased, the number of shares of Common Stock shall be based on the aggregate amount of Notes to be purchased.

The Company's right to exercise its election to purchase the Notes pursuant to Section 3.03 through the issuance of shares of Common Stock shall be conditioned upon:

(1) the Company having given timely notice in accordance with Section 3.03(g) of its election to purchase all or a specified percentage of the Notes with Common Stock as provided herein;

(2) the shares of Common Stock having been admitted for listing or admitted for listing subject to notice of issuance on the United States national securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a national securities exchange, having been approved for trading on the Nasdaq National Market;

(3) (A) (1) the registration of the shares of Common Stock to be issued in respect of the payment of the specified percentage of the Fundamental Change Purchase Price under the Securities Act or (2) the issuance of the shares of Common Stock in a transaction which is exempt from the registration requirements of the Securities Act and which will not result in such shares of Common Stock being deemed "restricted securities" under the Securities Act or otherwise and (B) the registration of the shares of Common Stock under the Exchange Act, each to the extent required thereby;

(4) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and the receipt by the Trustee on or prior to the Fundamental Change Purchase Date of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the specified percentage of the Fundamental Change Purchase Price in respect of Notes have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the specified percentage of the Fundamental Change Purchase Price in respect of Notes, shall be validly issued, fully paid and nonassessable, and, to the best of such counsel's knowledge, free from preemptive rights, and in the case of such Officers' Certificate, stating that conditions (1), (2), (3) and (4) above have been satisfied and, in the case of such Opinion of Counsel, stating that condition (3) has been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 Principal Amount of Notes and the Sale Price of a share of Common Stock on each Trading Day during the period during which the Market Price is calculated. The Company may elect to pay the Fundamental Change Purchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is publicly reported. If any of the conditions set forth in this Section 3.03(f) are not satisfied with respect to a Holder or Holders prior to or on the Fundamental Change Purchase

Date and the Company elected to purchase the Notes to be purchased as of such Fundamental Change Purchase Date pursuant to this Section 3.03 through the issuance of shares of Common Stock, the Company shall pay the entire Fundamental Change Purchase Price in respect of such Notes of such Holder or Holders in Cash.

Upon determination of the actual number of shares of Common Stock which the Holder of each $1,000 Principal Amount of the Notes shall receive, the Company shall provide notice of such determination.

(g) Notice of Election to Pay all or any Portion of the Fundamental Change Purchase Price in Common Stock. In the event the Company elects to pay all or any portion of the Fundamental Change Purchase Price in Common Stock, the Fundamental Change Notice shall state the manner of payment elected and shall:

(1) state that each Holder shall receive Common Stock in respect of the specified percentage of the Fundamental Change Purchase Price of the Notes held by such Holder (except any Cash amount to be paid in lieu of fractional shares);

(2) state that the total number of shares of Common Stock to be issued to Holders will be equal to the quotient obtained by dividing (x) the amount of Cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Fundamental Change Purchase Price of such Notes in Cash by (y) the Market Price of a share of Common Stock calculated as of the Fundamental Change Purchase Date;

(3) set forth the method of calculating the Market Price of the Common Stock; and

(4) state that because the Market Price of Common Stock will be determined prior to the Fundamental Change Purchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Fundamental Change Purchase Date.

(h) Covenants of the Company. All shares of Common Stock delivered upon conversion or purchase of the Notes shall be newly issued shares or treasury shares, shall be duly and validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

(i) Taxes. If a Holder of a Note is paid in Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issue of shares of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the Common Stock being issued

in a name other than the Holder's name until the Paying Agent receives a sum sufficient to pay any tax which shall be due because the shares of Common Stock are to be issued in a name other than the Holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

SECTION 3.04 Purchase of Notes at the Option of the Holder; Payment of Purchase Price in Stock.

(a) Purchase of Notes at the Option of the Holder. A Holder of Notes shall have the option to require the Company to purchase any of such Holder's Notes, on each of February 20, 2007, February 20, 2012 and February 20, 2017 (each, a "Purchase Date"), at the purchase price specified in paragraph 6 of the Notes (each, a "Purchase Price"), upon:

(1) delivery to the Paying Agent by the Holder of a written notice of purchase (a "Purchase Notice") at any time from the opening of business on the date that is 30 Business Days prior to a Purchase Date until the close of business on such Purchase Date, stating:

(i) if certificated, the certificate numbers of the Notes which the Holder shall deliver to be purchased;

(ii) the portion of the Principal Amount of the Notes which the Holder shall deliver to be purchased, which portion must be $1,000 in Principal Amount or a multiple thereof;

(iii) that such Notes shall be purchased as of the Purchase Date pursuant to the terms and conditions specified in paragraph 6 of the Notes and this Indenture; and

(iv) if the Company elects, pursuant to a Company Notice, to pay the Purchase Price to be paid as of such Purchase Date, in whole or in part, in Common Stock but such portion of the Purchase Price shall ultimately be payable to such Holder in Cash because any of the conditions to the payment of the Purchase Price in Common Stock are not satisfied prior to or on the Purchase Date, as set forth in Section 3.04(e), whether such Holder elects (x) to withdraw such Purchase Notice as to some or all of the Notes to which such Purchase Notice relates (stating the Principal Amount and certificate numbers, if the Notes are in certificated form, of the Notes as to which such withdrawal shall relate), or (y) to receive Cash in respect of the entire Purchase Price for all Notes (or portions thereof) to which such Purchase Notice relates; and

(2) delivery or book-entry transfer of such Note to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery or transfer being a condition to receipt by the Holder of the Purchase Price therefor; provided, however, that such Purchase Price shall be so paid pursuant to this Section 3.04 only if the Note so delivered or transferred to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice.

(b) Procedures. If a Holder, in such Holder's Purchase Notice (and in any written notice of withdrawal of a portion of a Holder's Notes previously submitted for purchase pursuant to a Purchase Notice, the portion that remains subject to the Purchase Notice), fails to indicate such Holder's choice with respect to the election regarding a conditional withdrawal pursuant to the terms of clause (iv) of Section 3.04(a)(1), such Holder shall be deemed to have elected to receive Cash in respect of all Notes subject to such Purchase Notice in the circumstances set forth in such clause (iv).

The Company shall purchase from the Holder thereof, pursuant to this Section 3.04, a portion of a Note if the Principal Amount of such portion is $1,000 or a multiple of $1,000 if so requested by the Holder. Provisions of this Indenture that apply to the purchase of all of a Note also apply to the purchase of such portion of such Note.

Any purchase by the Company contemplated pursuant to the provisions of this Section 3.04 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Purchase Date and the time of delivery or book-entry transfer of the Note.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 3.04(b) shall have the right at any time prior to the close of business on the Purchase Date to withdraw such Purchase Notice (in whole or in part) by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.06(a).

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

(c) Company's Right to Elect Manner of Payment of Purchase Price. The Company may elect with respect to any Purchase Date to pay the Purchase Price in respect of the Notes to be purchased pursuant to Section 3.04(a) as of such Purchase Date, in Cash or Common Stock, or in any combination of Cash and Common Stock, subject to the conditions set forth in Section 3.04(d) and (e). The Company shall designate, in the Company Notice delivered pursuant to Section 3.04(f), whether the Company shall purchase the Notes for Cash or Common Stock, or, if a combination thereof, the percentages of the Purchase Price of Notes in respect of which it shall pay in Cash and/or Common Stock; provided that the Company shall pay Cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all Notes subject to purchase by the Company held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose Notes are purchased pursuant to this Section 3.04(e) shall receive the same percentage of Cash and/or Common Stock in payment of the Purchase Price for such Notes, except (i) as provided in Section 3.04(e) with regard to the payment of Cash in lieu of fractional interests in Common Stock and (ii) in the event that the Company is unable to purchase the Notes of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable federal or state securities laws cannot be obtained, the Company may purchase the Notes of such Holder or Holders for Cash. Once the Company has given its Company Notice to Holders, the Company may not change its election with respect to

the consideration (or components or percentages of components thereof) to be paid except pursuant to this Section 3.04(c) or Section 3.04(e).

At least five Business Days before the Company Notice Date (or such shorter period as agreed to by the Trustee), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(1) the manner of payment selected by the Company;

(2) the information required by Section 3.04(f), if applicable;

(3) if the Company elects to pay the Purchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 3.04(e) have been or shall be complied with; and

(4) whether the Company desires the Trustee to give the Company Notice required by Section 3.04(f).

(d) Purchase with Cash. On each Purchase Date, at the option of the Company, the Purchase Price in respect of which a Purchase Notice pursuant to Section 3.04(a) has been given, or a specified percentage thereof, may be paid by the Company with Cash equal to the aggregate Purchase Price, or such specified percentage thereof, as the case may be, of such Notes.

(e) Payment by Issuance of Common Stock. On each Purchase Date, at the option of the Company, subject to Section 3.04(c), the Purchase Price of Notes in respect of which a Purchase Notice pursuant to Section 3.04(a) has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (x) the amount of Cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Notes in Cash by (y) the Market Price of a share of Common Stock calculated as of the relevant Purchase Date, subject to the next succeeding paragraph.

The Company shall not issue a fractional share of Common Stock in payment of the Purchase Price. Instead the Company shall pay Cash for the current market value of the fractional share. The current market value of a fraction of a share shall be determined by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent. It is understood that if a Holder elects to have more than one Note purchased, the number of shares of Common Stock shall be based on the aggregate amount of Notes to be purchased.

The Company's right to exercise its election to purchase the Notes pursuant to Section 3.04 through the issuance of shares of Common Stock shall be conditioned upon:

(1) the Company having given timely notice in accordance with Section 3.04(f) of its election to purchase all or a specified percentage of the Notes with Common Stock as provided herein;

(2) the shares of Common Stock having been admitted for listing or admitted for listing subject to notice of issuance on the United States national securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a national securities exchange, having been approved for trading on the Nasdaq National Market;

(3) (A) (1) the registration of the shares of Common Stock to be issued in respect of the payment of the specified percentage of the Purchase Price under the Securities Act or (2) the issuance of the shares of Common Stock in a transaction which is exempt from the registration requirements of the Securities Act and which will not result in such shares of Common Stock being deemed "restricted securities" under the Securities Act or otherwise and (B) the registration of the shares of Common Stock under the Exchange Act, each to the extent required thereby;

(4) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and the receipt by the Trustee on or prior to the Purchase Date of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the specified percentage of the Purchase Price in respect of Notes have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the specified percentage of the Purchase Price in respect of Notes, shall be validly issued, fully paid and nonassessable, and, to the best of such counsel's knowledge, free from preemptive rights, and in the case of such Officers' Certificate, stating that conditions (1), (2), (3) and (4) above have been satisfied and, in the case of such Opinion of Counsel, stating that condition (3) has been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 Principal Amount of Notes and the Sale Price of a share of Common Stock on each Trading Day during the period during which the Market Price is calculated. The Company may elect to pay the Purchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is publicly reported. If any of the conditions set forth in this Section 3.04(e) are not satisfied with respect to a Holder or Holders prior to or on the Purchase Date and the Company elected to purchase the Notes to be purchased as of such Purchase Date pursuant to this Section 3.04 through the issuance of shares of Common Stock, the Company shall pay the entire Purchase Price in respect of such Notes of such Holder or Holders in Cash.

Upon determination of the actual number of shares of Common Stock which the Holder of each $1,000 Principal Amount of the Notes shall receive, the Company shall provide notice of such determination.

(f) Notice of Election. The Company's notice of election to purchase with Cash or Common Stock, or any combination thereof (each, a "Company Notice"), shall be sent to the Holders (and to beneficial owners if required by applicable law) at their addresses shown in the Note register maintained by the Registrar, and delivered to the Trustee, not less than 30 Business Days prior to the applicable Purchase Date (the "Company Notice Date"). Each

Company Notice shall state the manner of payment elected and shall contain the following information.

In the event the Company has elected to pay a Purchase Price (or a specified percentage thereof) with Common Stock, the Company Notice shall:

(1) state that each Holder shall receive Common Stock in respect of the specified percentage of the Purchase Price of the Notes held by such Holder (except any Cash amount to be paid in lieu of fractional shares);

(2) state that the total number of shares of Common Stock to be issued to Holders will be equal to the quotient obtained by dividing (x) the amount of Cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Notes in Cash by (y) the Market Price of a share of Common Stock calculated as of the relevant Purchase Date;

(3) set forth the method of calculating the Market Price of the Common Stock; and

(4) state that because the Market Price of Common Stock will be determined prior to the Purchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Purchase Date.

In any case, each Company Notice shall include a form of Purchase Notice to be completed by a Holder and shall state:

(1) the Purchase Price and the Conversion Rate;

(2) the name and address of the Paying Agent and the Conversion Agent;

(3) that Notes as to which a Purchase Notice has been given may be converted only if the applicable Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(4) that Notes must be surrendered to the Paying Agent to collect payment of the Purchase Price;

(5) that the Purchase Price for any Note as to which a Purchase Notice has been given and not withdrawn shall be paid promptly following the later of the Purchase Date and the time of surrender of such Note as described in clause (4) above;

(6) a brief summary of the procedures the Holder must follow under this Section 3.04;

(7) briefly, the conversion rights of the Notes;

(8) that, unless the Company defaults in making payment of such Purchase Price, Original Issue Discount on Notes covered by any Purchase Notice (or interest, if the Notes have been converted into Cash Pay Notes pursuant to Section 3.10 of this Indenture) will cease to accrue on and after the Purchase Date;

(9) the CUSIP or ISIN number of the Notes; and

(10) the procedures for withdrawing a Purchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 3.04(a)(1)(iv).

At the Company's request and at the Company's expense, the Trustee shall give the Company Notice in the Company's name; provided, however, that, in all cases, the text of the Company Notice shall be prepared by the Company.

(g) Covenants of the Company. All shares of Common Stock delivered upon conversion or purchase of the Notes shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

(h) Taxes. If a Holder of a Note is paid in Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issuance of shares of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum sufficient to pay any tax which shall be due because the shares of Common Stock are to be issued in a name other than the Holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

SECTION 3.05 Deposit of Fundamental Change Purchase Price or Purchase Price.

On or before 11:00 a.m. (New York City time) on the Fundamental Change Purchase Date or Purchase Date, the Company shall deposit with the Trustee or with the Paying Agent Cash (or, if the Company or an Affiliate of the Company is acting as Paying Agent, shall segregate and hold in trust an amount of Cash) in respect of a Cash purchase under Sections 3.03(e) or 3.04(d) or for fractional interests, as applicable, or shares of Common Stock, or a combination thereof, as applicable, sufficient to pay the aggregate Fundamental Change Purchase Price or Purchase Price of, and, if applicable, any accrued and unpaid interest with respect to, all Notes or portions thereof to be purchased pursuant to Section 3.03(a) or 3.04(a). Payment of the Fundamental Change Purchase Price or Purchase Price for such Notes shall be made promptly following the later of the Fundamental Change Purchase Date or Purchase Date, as the case may be, or the time of book-entry transfer or delivery of such Notes in accordance

with this Indenture. If the Company is delivering Common Stock, the Company shall promptly deliver to each Holder entitled to receive Common Stock, through the Paying Agent, a certificate for the number of full shares of Common Stock, as applicable, issuable in payment of such purchase price and Cash in lieu of any fractional interests. The Person in whose name the certificate for Common Stock is registered shall be treated as a holder of record following the Fundamental Change Purchase Date or the Purchase Date. Subject to Sections 3.03(f) and 3.04(e), no payment or adjustment shall be made for dividends on the Common Stock in respect of a Common Stock Record Date which occurred on or prior to the Fundamental Change Purchase Date or the Purchase Date. If the Paying Agent holds, in accordance with the terms of the Indenture, money or securities sufficient to pay the Fundamental Change Purchase Price or Purchase Price of a Note on the Business Day following the Fundamental Change Purchase Date or Purchase Date, then, on and after such date, such Note shall cease to be outstanding and such securities shall cease to accrue Original Interest Discount or interest, whether or not book-entry transfer of such Note is made or such Note is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price or Purchase Price, as the case may be, upon delivery or transfer of the Note).

SECTION 3.06 Further Conditions for Purchase at the Option of Holders upon a Fundamental Change and Purchase of Notes at the Option of the Holder.

(a) Effect of Purchase Notice or Fundamental Change Purchase Notice. Upon receipt by the Company of the Fundamental Change Purchase Notice or Purchase Notice specified in Section 3.03(c) or Section 3.04(a), as applicable, the Holder of the Note in respect of which such Fundamental Change Purchase Notice or Purchase Notice, as the case may be, was given shall (unless such Fundamental Change Purchase Notice or Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Fundamental Change Purchase Price or Purchase Price, as the case may be, with respect to such Note. Such Fundamental Change Purchase Price or Purchase Price shall be paid to such Holder promptly following the later of (x) the Fundamental Change Purchase Date or the Purchase Date, as the case may be, with respect to such Note (provided the conditions in Section 3.03(c) or Section 3.04(a), as applicable, have been satisfied) and (y) the time of delivery or book-entry transfer of such Note to the Paying Agent by the Holder thereof in the manner required by Section 3.03(c) or Section 3.04(a), as applicable. Notes in respect of which a Purchase Notice or Fundamental Change Purchase Notice, as the case may be, has been given by the Holder thereof may not be converted for shares of Common Stock on or after the date of the delivery of such Purchase Notice (or Fundamental Change Purchase Notice, as the case may be), unless such Purchase Notice (or Fundamental Change Purchase Notice, as the case may be) has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice or Fundamental Change Purchase Notice, as the case may be, may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to the close of business on the Purchase Date or the Fundamental Change Purchase Date, as the case may be, to which it relates specifying:

(i) if certificated, the certificate number of the Notes in respect of which such notice of withdrawal is being submitted;

(ii) the Principal Amount of the Notes with respect to which such notice of withdrawal is being submitted; and

(iii) the Principal Amount, if any, of the Notes which remain subject to the original Fundamental Change Purchase Notice or Purchase Notice, as the case may be, and which has been or shall be delivered for purchase by the Company.

A written notice of withdrawal of a Fundamental Change Purchase Notice or Purchase Notice may be in the form of (i) a conditional withdrawal contained in a purchase notice pursuant to the terms of Sections 3.03(c)(4) or 3.04(a)(1)(iv) or (ii) a conditional withdrawal containing the information set forth in the preceding paragraph and contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any Notes pursuant to Section 3.03 or Section 3.04 if there has occurred prior to, on or after, as the case may be, the giving, by the Holders of such Notes, of the required Fundamental Change Purchase Notice or Purchase Notice, as the case may be, and is continuing an Event of Default (other than an Event of Default that is cured by the payment of the Fundamental Change Purchase Price or Purchase Price, as the case may be, with respect to such Notes). The Paying Agent will promptly return to the respective Holders thereof any Notes (x) with respect to which a Fundamental Change Purchase Notice or Purchase Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than an Event of Default that is cured by the payment of the Fundamental Change Purchase Price or Purchase Price, as the case may be, with respect to such Notes) in which case, upon such return, the Fundamental Change Purchase Notice or Purchase Notice with respect thereto shall be deemed to have been withdrawn.

(b) Notes Purchased in Part. Any Note that is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so, requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder in an aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Note so surrendered which is not purchased.

(c) Covenant to Comply with Securities Laws upon Purchase of Notes. In connection with any offer to purchase Notes under Section 3.03(a) or 3.04(a), the Company shall (i) comply with Rules 13e-4 and 14e-1 (which terms, as used herein, include any successor provision thereto) under the Exchange Act, if applicable; (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, if applicable; and (iii) otherwise comply with all federal and state securities laws so as to permit the rights and obligations under Sections 3.03 and 3.04 to be exercised in the time and in the manner specified in Sections 3.03 and 3.04.

(d) Repayment to the Company. The Trustee and the Paying Agent shall return to the Company any Cash or shares of Common Stock that remain unclaimed as provided in paragraph 14 of the Notes, together with interest that the Trustee has earned, if any, or dividends, if any, paid thereon while such shares are held by the Trustee or the Paying Agent, held by them for the payment of a Fundamental Change Purchase Price or Purchase Price, as the case may be; provided, however, that to the extent that the aggregate amount of Cash or shares of Common Stock deposited by the Company pursuant to Section 3.05 exceeds the aggregate Fundamental Change Purchase Price or Purchase Price, as the case may be, of the Notes or portions thereof which the Company is obligated to purchase as of the Fundamental Change Purchase Date or Purchase Date, as the case may be, then promptly after the Business Day following the Fundamental Change Purchase Date or Purchase Date, as the case may be, the Trustee and the Paying Agent shall return any such excess to the Company together with interest that the Trustee has earned, if any, or dividends, if any, paid thereon while such Cash or shares are held by the Trustee or the Paying Agent.

SECTION 3.07 Conversion of Notes.

(a) Right to Convert. A Holder of a Note may convert such Note into Common Stock at any time during which the conditions stated in paragraph 8 of the Notes are met. The number of shares of Common Stock issuable upon conversion of a Note per $1,000 of Principal Amount (the "Conversion Rate") shall be that set forth in paragraph 8 in the Notes, subject to adjustment as herein set forth.

A Holder may convert a portion of the Principal Amount of a Note if the portion is $1,000 or a multiple of $1,000. Provisions of this Indenture that apply to conversion of all of a Note also apply to conversion of a portion of a Note.

(b) Conversion Procedures. To convert a Note a Holder must satisfy the requirements in paragraph 8 of the Notes. The date on which the Holder of Notes satisfies all those requirements is the conversion date (the "Conversion Date"). The Conversion Agent shall notify the Company of the Conversion Date within one Business Day following the Conversion Date (the "Conversion Notice Date"). The Company shall deliver to the Holder through the Conversion Agent, as promptly as practicable but in any event no later than the fifth Business Day following the Conversion Notice Date, a certificate for the number of full shares of Common Stock deliverable upon the conversion and Cash in lieu of any fractional share determined pursuant to Section 3.07(c) hereof. The Person in whose name the certificate representing such conversion shares is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Note on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such Note shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Note,

the Holder thereof shall no longer be a Holder of such Note and such Note shall be cancelled and no longer outstanding.

No payment or adjustment shall be made for dividends on or other distributions with respect to any Common Stock except as provided in Section 3.08. On conversion of a Note, that portion of Accreted Value (or accrued and unpaid interest, if the Company has exercised its option to convert the Notes to Cash Pay Notes pursuant to Section 3.10) attributable to the period from the Issue Date of the Note to the Conversion Date with respect to the converted Note shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the Cash payment, if any, in lieu of fractional shares) in exchange for the Note being converted.

If a Holder converts more than one Note at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the total Principal Amount of the Notes converted.

Upon surrender of a Note that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Note in an authorized denomination equal in Principal Amount (or the Restated Principal Amount, if applicable) to the unconverted portion of the Note surrendered.

If the last day on which a Note may be converted is a Legal Holiday in a place where a Conversion Agent is located, the Note may be surrendered to that Conversion Agent on the next succeeding day that it is not a Legal Holiday.

(c) Cash Payments in Lieu of Fractional Shares. The Company shall not issue a fractional share of Common Stock upon conversion of a Note. Instead the Company shall deliver Cash for the current market value of the fractional share. The current market value of a fractional share shall be determined to the nearest 1/10,000th of a share by multiplying the Sale Price of a full share of Common Stock on the Trading Day immediately preceding the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

(d) Taxes on Conversion. If a Holder converts a Note, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which shall be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by applicable law or regulations.

(e) Company to Provide Stock. The Company shall, prior to issuance of any Notes hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Notes.

All shares of Common Stock delivered upon conversion of the Notes shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall endeavor promptly to comply with all federal and state securities laws regulating the order and delivery of shares of Common Stock upon the conversion of Notes, if any, and shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

SECTION 3.08 Adjustments to Conversion Rate.

The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall (i) pay a dividend, or make a distribution, in shares of Common Stock or other Capital Stock, on Common Stock; (ii) subdivide its outstanding Common Stock into a greater number of shares; or (iii) combine its outstanding Common Stock into a smaller number of shares, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the holder of any Note thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Note been converted immediately prior to the happening of such event. An adjustment made pursuant to this Section 3.08(a) shall become effective immediately after the Common Stock Record Date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of subdivision, combination or reclassification. If any dividend or distribution of the type described in clause (i) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 60 days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the Sale Price per share of Common Stock on the day preceding the date of announcement of the Common Stock Record Date for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the date of the issuance of such rights or warrants by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Sale Price. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the Common Stock Record Date for the determination of the stockholders entitled to receive such rights or

warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such Common Stock Record Date for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Sale Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock (excluding any distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary) any evidences of its indebtedness or assets (other than Cash) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in Section 3.08(b)) (any of the foregoing hereinafter in this Section 3.08 called the "Distributed Securities"), then, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the Market Price per share of the Common Stock on the Common Stock Record Date mentioned below, and the denominator shall be the Sale Price per share of the Common Stock on such Common Stock Record Date less the Fair Market Value on such Common Stock Record Date (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Trustee) of the Distributed Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the Common Stock Record Date for the determination of stockholders entitled to receive such distribution. Notwithstanding the foregoing, in the event (a) the then Fair Market Value (as so determined) of the portion of the Distributed Securities so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the Common Stock Record Date or (b) such Market Price exceeds the Fair Market Value of such Distributed Securities by less than $1.00, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of Distributed Securities such Holder would have received had such Holder converted each Note immediately prior to such Common Stock Record Date. In the event that such distribution is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 3.08(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market on the same day used in computing the Sale Price of the Common Stock.

Notwithstanding the foregoing provisions of this Section 3.08, no adjustment shall be made thereunder for any distribution of Distributed Securities if the Company makes proper provision so that each Holder of a Note who converts such Note (or any portion thereof) after the

Common Stock Record Date for such distribution shall be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon such conversion, the amount and kind of Distributed Securities that such Holder would have been entitled to receive if such Holder had, immediately prior to such Common Stock Record Date, converted such Note into Common Stock; provided that, with respect to any Distributed Securities that are convertible, exchangeable or exercisable, the foregoing provision shall only apply to the extent (and so long as) the Distributed Securities receivable upon conversion of such Note would be convertible, exchangeable or exercisable, as applicable, without any loss of rights or privileges for a period of at least 60 days following conversion of such Note.

Upon conversion of the Notes the Holders shall receive, in addition to the Common Stock issuable upon such conversion, any rights issued under any existing or future stockholder rights plan the Company implements (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion).

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock Cash (excluding any Cash that is distributed upon a merger or consolidation to which Section 3.09(f) applies) in an aggregate amount per share that, combined together with the aggregate amount of any other such distributions to all holders of its Common Stock made exclusively in Cash within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 3.08 has been made, exceeds on a per share basis 15% of the Sale Price on the day preceding the date of declaration of such dividend or distribution, then, and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the Common Stock Record Date by a fraction of which the numerator shall be such Sale Price of the Common Stock and the denominator shall be such Sale Price of the Common Stock less the amount of Cash and the Fair Market Value (as so determined) of such other consideration so distributed (and not excluded as provided above) applicable to one share of Common Stock, such increase to be effective immediately prior to the opening of business on the day following the Common Stock Record Date; provided, however, that, if the portion of the Cash so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the day preceding the date of declaration of such dividend or distribution then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the shares of Common Stock, Cash and other consideration the Holder would have received had such Holder converted such Note immediately prior to such Common Stock Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 3.08(d) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant hereto. If an adjustment is required to be made as set forth in this Section 3.08(d) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(e) For purposes of this Section 3.08, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

SECTION 3.09 Miscellaneous Provisions Relating to Conversion.

(a) When Adjustment May Be Deferred. No adjustment in the Conversion Rate need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated in Section 3.08, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing. Any adjustments that are made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Sections 3.07, 3.08 and 3.09 shall be made to the nearest cent or to the nearest 10,000th of a share, as the case may be.

(b) When No Adjustment Required. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest. No adjustment need be made for a change in the par value or on par value of the Common Stock. To the extent the Notes become convertible into cash, assets, property or securities (other than Capital Stock of the Company), no adjustment need be made thereafter as to the Cash, assets, property or such securities subject to Section 3.09(f). Interest shall not accrue on the Cash.

No adjustment need be made for a transaction referred to in Section 3.08(a), (b), (c) or (d) if Holders are to participate in the transaction without conversion on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction and the Holders are not economically harmed by such transaction and the failure to make an adjustment. Such participation by a Holder may include participation in the transaction upon conversion of Notes by the Holder provided that an adjustment shall be made at such time as the Holder is not entitled to participate on the basis described in the prior sentence.

(c) Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Company shall promptly provide to Holders a notice of the adjustment. The Company shall file with the Trustee and the Conversion Agent such notice. The certificate shall, absent manifest error, be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

(d) Voluntary Increase. The Company may make such increases in the Conversion Rate, in addition to those required by Section 3.08, as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. To the extent

permitted by applicable law, the Company may from time to time increase the Conversion Rate by any amount for any period of time if the period is at least 20 days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is so increased, the Company shall mail to Holders and file with the Trustee and the Conversion Agent a notice of such increase. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any holder desiring inspection thereof. The Company shall mail the notice at least 15 days before the date the increased Conversion Rate takes affect. The notice shall state the increased Conversion Rate and the period it shall be in effect.

(e) Notice to Holders Prior to Certain Actions. In case:

(1) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 3.08;

(2) the Company shall authorize the granting to all or substantially all the Holders of its Common Stock of rights or warrants to subscribe for or purchase any Common Stock;

(3) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(4) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

the Company shall cause to be filed with the Trustee and to be provided to Holders of Notes, as promptly as practicable but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(f) Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or reorganization of outstanding shares of

Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including Cash) with respect to or in exchange for such Common Stock; or (iii) any sale, conveyance of or other transfer of all, or substantially all, of the properties and assets of the Company to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including Cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture, providing that each Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including Cash) receivable upon such reclassification, reorganization, consolidation, merger, combination, sale, conveyance or transfer by a holder of a number of shares of Common Stock issuable upon conversion of such Notes immediately prior to such reclassification, reorganization, consolidation, merger, combination, sale, conveyance or transfer. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.09(f).

The Company shall cause notice of the execution of such supplemental indenture to be provided to Holders of Notes within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 3.09(f) applies to any event or occurrence, Section 3.08 shall not apply.

(g) Responsibility of Trustee. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder of Notes to either calculate the Conversion Rate or determine whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same and shall be protected in relying upon an Officers' Certificate with respect to the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or Cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Section 3.09. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 3.09(f) relating either to the kind or amount of shares of stock or securities or property (including Cash) receivable by Holders upon

the conversion of their Notes after any event referred to in such Section 3.09(f) or to any adjustment to be made with respect thereto, but, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

(h) Simultaneous Adjustments. In the event that Sections 3.07, 3.08 and 3.09 require adjustments to the Conversion Rate under more than one of Section 3.08(a), (b), (c) or (d), and the Common Stock Record Dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 3.08(c), second, the provisions of Section 3.08(d), third, the provisions of Section 3.08(a), and fourth, the provisions of Section 3.08(b).

(i) Successive Adjustments. After an adjustment to the Conversion Rate under Sections 3.07, 3.08 or 3.09, any subsequent event requiring an adjustment under Sections 3.07, 3.08 or 3.09 shall cause an adjustment to the Conversion Rate as so adjusted.

SECTION 3.10 Optional Conversion to Semi-Annual Cash Pay Notes upon Tax Event.

From and after (i) the date (the "Tax Event Date") of the occurrence of a Tax Event and (ii) the date the Company exercises its option set forth in this Section 3.10, whichever is later (the "Option Exercise Date"), at the option of the Company, cash interest in lieu of the future accrual of Original Issue Discount shall accrue at the rate of 4.75% per annum on a restated principal amount per $1,000 original Principal Amount (the "Restated Principal Amount") equal to its Accreted Value on the Option Exercise Date and shall be payable semi-annually on February 20 and August 20 of each year (each, an "Interest Payment Date") to holders of record at the close of business on February 5 and August 5 (each, a "Regular Record Date") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from the Option Exercise Date. Within 15 days of the occurrence of a Tax Event, the Company shall deliver a written notice of such Tax Event by facsimile and first-class mail to the Trustee and within 15 days of its exercise of such option the Company shall deliver a written notice of the Option Exercise Date by facsimile and first-class mail to the Trustee and provide notice to the Holders of the Notes. From and after the Option Exercise Date, the Company shall be obligated to pay at Maturity or upon a Redemption Date, Purchase Date or Fundamental Change Purchase Date, in lieu of the Principal Amount or Accreted Value, as applicable, of a Note, the Restated Principal Amount thereof plus accrued and unpaid interest. Notes authenticated and delivered after the Option Exercise Date may, and shall if required by the Trustee, bear a notation in a form approved by the Trustee as to the conversion of the Notes to Cash Pay Notes.

SECTION 3.11 Payment of Interest.

(a) Paying Agent to Hold Money in Trust. Prior to 11:00 a.m. (New York City time) on any applicable payment date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary is acting as Paying Agent, segregate and hold in trust for the

benefit of the Persons entitled thereto) a sum sufficient to pay semi-annual interest when due on Cash Pay Notes. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of amounts in respect of the Notes and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

(b) Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

(c) Payment of Interest; Interest Rights Preserved.

(i) Semi-annual interest on any Cash Pay Note that is payable, and is punctually paid or duly provided for, on any applicable payment date shall be paid to the Person in whose name that Note is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose. Each installment of semi-annual interest on any Cash Pay Note shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States. In the case of a Global Note, semi-annual interest payable on any applicable payment date will be paid to the Depositary, with respect to that portion of such Global Note held for its account by Cede & Co. for the purpose of permitting such party to credit the interest received by it in respect of such Global Note to the accounts of the beneficial owners thereof.

(ii) Except as otherwise specified with respect to the Cash Pay Notes, any semi-annual interest on any Note that is payable, but is not punctually paid or duly provided for, within 30 days following any applicable payment date (herein called "Defaulted Interest," which term shall include any accrued and unpaid interest that has accrued on such defaulted amount in accordance with paragraph 1 of the Notes), shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date or accrual date, as the case may be, by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (A) or (B) below.

(A) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a date for the payment of such Defaulted Interest, which shall be fixed in the following manner: The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which shall not be less

than 25 days after such notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon, the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment (the "Special Record Date"). The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Notes at its address as it appears on the list of Holders maintained pursuant to the Indenture not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date thereof or having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (B).

(B) Alternatively, the Company may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 3.11, each Cash Pay Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Cash Pay Note shall carry the rights to semi-annual interest accrued and unpaid to, and to accrue, which were carried by such other Note.

ARTICLE IV

COVENANTS

SECTION 4.01 Payment of Notes.

The Company shall pay, or cause to be paid, all payments in respect of the Notes on the dates and in the manner provided in this Indenture and the Notes. Principal Amount, Accreted Value, Redemption Price, Fundamental Change Purchase Price, Purchase Price and interest, if any, shall be considered paid on the date due if the Paying Agent, if other than the Company, a Subsidiary of the Company or any Affiliate of any of them, holds as of 11:00 a.m. (New York City time) on that date immediately available funds designated for and sufficient to pay all amounts then due. If the Company or any Subsidiary of the Company or any Affiliate of any of them acts as Paying Agent, amounts payable in respect of the Notes shall be considered

paid on the due date if the entity acting as Paying Agent complies with the second paragraph of Section 2.05 and Section 3.11 hereof.

The Company shall pay interest on overdue amounts, to the extent lawful, at a rate per annum of 4.75%.

Notwithstanding anything to the contrary contained in this Indenture, the Company may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from payments hereunder.

SECTION 4.02 Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee or Registrar) where the Notes may be surrendered for registration of transfer or exchange or for conversion and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.04 hereof.

SECTION 4.03 Reports.

(a) So long as any Note is outstanding, the Company will file with the SEC and, within 15 days after it files them with the SEC, file with the Trustee and mail or cause to be mailed to the Holders at their addresses as set forth in the Register, copies of the annual reports and of the information, documents and other reports which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act or which the Company would be required to file with the Commission if the Company then had a series of securities registered under the Exchange Act; provided, however, the Company shall not be required to deliver to the Trustee any materials for which the Company has sought and received confidential treatment by the SEC. The Company also shall comply with the other provisions of Section 314(a) of the TIA.

In addition, the Company shall cause its annual report to stockholders and any quarterly or other financial reports furnished to its stockholders generally to be filed with the Trustee and mailed, no later than the date such materials are mailed or made available to the Company's stockholders, to the Holders at their addresses as set forth in the Register.

Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including information concerning the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates), provided that the foregoing shall not relieve the Trustee of any of its responsibilities hereunder.

(b) If at any time the Company is not subject to Section 13 or Section 15(d) of the Exchange Act, upon the request of a Holder of Notes, the Company will promptly furnish or cause the Trustee to furnish to such Holder or to a prospective purchaser of a Note designated by such Holder, as the case may be, the information, if any, required to be delivered by it pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes.

SECTION 4.04 Compliance Certificate.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Company, they would normally have knowledge of any failure by the Company to comply with all conditions, or Default by the Company with respect to any covenants, under this Indenture, and further stating whether or not they have knowledge of any such failure or Default and, if so, specifying each such failure or Default and the nature thereof; provided, however, that the first such Officers' Certificate shall be delivered on or before February 20, 2003. For purposes of this Section, such compliance shall be determined without regard to any period of grace or requirement of notice provided for in this Indenture. The certificate need not comply with Section 11.04 hereof.

In addition, the Company shall file with the Trustee within thirty (30) days following the end of each calendar year (i) a written notice specifying the amount of Original Issue Discount (including daily rates and accrual period) accrued on outstanding Notes as of the end of such calendar year and (ii) such other specific information relating to such Original Issue Discount as may then be relevant under the Internal Revenue Code of 1986, as amended from time to time.

SECTION 4.05 Taxes.

The Company shall pay prior to delinquency, all material taxes, assessments, and governmental levies except as contested in good faith by appropriate proceedings.

SECTION 4.06 Corporate Existence.

Subject to Article V hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence and (ii) the material rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries taken as a whole; provided, however, that the Company shall not be required to preserve any such right, license or franchise if the Board of Directors or management of the Company determines that the preservation thereof is no longer in the best interests of the Company, and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 4.07 Limitation on Liens.

The Company shall not, nor shall it permit any of its Restricted Subsidiaries to, create, incur, assume or permit to exist any Lien on any of their respective properties or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, without effectively providing that the Notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except:

(i) Permitted Liens;

(ii) Liens on shares of capital stock of Subsidiaries of the Company (and the proceeds thereof) securing obligations under the Principal Credit Facilities;

(iii) Liens on receivables subject to a Receivable Financing Transaction;

(iv) Liens arising in connection with industrial development bonds or other industrial development, pollution control or other tax-favored or government-sponsored financing transactions, provided that such Liens do not at any time encumber any property other than the property financed by such transaction and other property, assets or revenues related to the property so financed on which Liens are customarily granted in connection with such transactions (in each case, together with improvements and attachments thereto);

(v) Liens granted after the Issue Date on any assets or properties of the Company or any of its Restricted Subsidiaries to secure obligations under the Notes;

(vi) Extensions, renewals and replacements of any Lien described in subsections (i) through (v) above; and

(vii) Other Liens in respect of Indebtedness of the Company and its Restricted Subsidiaries in an aggregate principal amount at any time not exceeding 5% of Consolidated Assets at such time.

SECTION 4.08 Limitation on Sale and Lease-Back Transactions.

The Company shall not, nor shall it permit any of its Restricted Subsidiaries to, enter into any sale and lease-back transaction for the sale and leasing back of any property or asset, whether now owned or hereafter acquired, of the Company or any of its Restricted

Subsidiaries (except such transactions (i) entered into prior to the Issue Date, (ii) for the sale and leasing back of any property or asset by the Company or a Restricted Subsidiary of the Company to the Company or any other Restricted Subsidiary of the Company, (iii) involving leases for less than three years or (iv) in which the lease for the property or asset is entered into within 120 days after the later of the date of acquisition, completion of construction or commencement of full operations of such property or asset) unless:

(a) the Company or such Restricted Subsidiary would be entitled under Section 4.07 hereof to create, incur, assume or permit to exist a Lien on the assets to be leased in an amount at least equal to the Attributable Value in respect of such transaction without equally and ratably securing the Notes; or

(b) the proceeds of the sale of the assets to be leased are at least equal to their fair market value and the proceeds are applied to the purchase, acquisition, construction or refurbishment of assets or to the repayment of Indebtedness of the Company or any of its Restricted Subsidiaries which on the date of original incurrence had a maturity of more than one year.

ARTICLE V

MERGER, ETC.

SECTION 5.01 When Company May Merge, etc.

The Company shall not consolidate or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, any Person unless:

(i) the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, assumes by supplemental indenture satisfactory in form to the Trustee all of the obligations of the Company under the Notes and this Indenture; and

(iii) immediately after such transaction, and giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

Notwithstanding the foregoing, the Company may merge with another Person or acquire by purchase or otherwise all or any part of the property or assets of any other corporation or Person in a transaction in which the surviving entity is the Company.

SECTION 5.02 Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein. In the event of any such sale or conveyance, but not any such lease, the Company or any successor corporation which thereafter will have become such in the manner described in this Article V shall be discharged from all obligations and covenants under the Notes and this Indenture and may be dissolved, wound up or liquidated.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

An "Event of Default" with respect to the Notes occurs when any of the following occurs:

(i) the Company defaults in the payment of the Principal Amount (or if the Notes have been converted to Cash Pay Notes following a Tax Event pursuant to Section 3.10, the Restated Principal Amount), Redemption Price, Purchase Price or Fundamental Change Purchase Price with respect to any Notes when such amount becomes due and payable at maturity, upon acceleration, redemption, repurchase or otherwise;

(ii) if the Notes have been converted to Cash Pay Notes following a Tax Event pursuant to Section 3.10 or Additional Interest is payable pursuant to the Registration Rights Agreement, the Company defaults in the payment of interest when it becomes due and payable and such default continues for a period of 30 days;

(iii) the Company or any Guarantor fails to comply with any of its other agreements or covenants in, or provisions of, the Notes or this Indenture, and the Default continues for the period and after the notice specified below;

(iv) any Guarantee of the Notes ceases to be in full force and effect or any Guarantor denies or disaffirms its obligations under its Guarantee of the Notes, except, in each case, in connection with a release of a Guarantee in accordance with the terms of this Indenture;

(v) the nonpayment at maturity or other default (beyond any applicable grace period) under any agreement or instrument relating to any other Indebtedness of the Company or any of its Subsidiaries (the unpaid principal amount of which is not less than

$40,000,000), which default results in the acceleration of the maturity of such Indebtedness prior to its stated maturity or occurs at the final maturity thereof;

(vi) the entry of any final judgment or orders against the Company or any of its Subsidiaries in excess of $40,000,000 individually or in the aggregate (not covered by insurance) that is not paid, discharged or otherwise stayed (by appeal or otherwise) within 60 days after the entry of such judgments or orders;

(vii) the Company or a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(a) commences a voluntary case or proceeding;

(b) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(c) consents to the appointment of a Custodian of it or for all or substantially all of its property; or

(d) makes a general assignment for the benefit of its creditors; or

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company or any Significant Subsidiary in an involuntary case or proceeding;

(b) appoints a Custodian for the Company or any Significant Subsidiary or for all or substantially all of its property; or

(c) orders the winding up or liquidation of the Company or any Significant Subsidiary,

and any such order or decree under this clause (viii) remains unstayed and in effect for 60 days.

A Default under clause (iii) of this Section 6.01 is not an Event of Default until the Trustee notifies the Company in writing, or the Holders of at least 25% in Principal Amount of the outstanding Notes notify the Company and the Trustee in writing, of the Default, and the Company does not cure the Default within 30 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default".

SECTION 6.02 Acceleration.

If an Event of Default with respect to outstanding Notes (other than an Event of Default specified in clause (vii) or (viii) of Section 6.01 hereof) occurs and is continuing, the Trustee or the Holders of at least 25% in Principal Amount of the outstanding Notes, by written notice to the Company, may declare due and payable the Accreted Value of the Notes. Upon a

declaration of acceleration, such Accreted Value to the date of payment shall be due and payable. If an Event of Default specified in clause (vii) or (viii) of Section 6.01 hereof occurs, the Accreted Value accrued through the occurrence of the event described in clause (vii) or (viii) shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

If the Notes have been converted to Cash Pay Notes following the occurrence of a Tax Event, the amount due on an acceleration will be the Restated Principal Amount plus accrued and unpaid interest to the date of payment.

The Holders of a majority in aggregate Principal Amount of the Notes at the time outstanding by notice to the Trustee and without notice to any other Holder may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree already rendered and if all existing Events of Default have been cured or waived except nonpayment of the Accreted Value (or if the Notes have been converted to Cash Pay Notes following a Tax Event pursuant to Section 3.10, the Restated Principal Amount and accrued and unpaid interest, if any) that has become due solely because of acceleration. Upon any such rescission, the parties hereto shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the parties hereto shall continue as though no such proceeding had been taken. The foregoing Events of Default shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

In case the Trustee or any Holder shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee or such Holder, then and in every such case the parties hereto shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the parties hereto shall continue as though no such proceeding had been taken.

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under clause (v), (vi), (vii) or (viii) of Section 6.01 indicating its status and what action the Company is taking or proposes to take with respect thereto.

SECTION 6.03 Other Remedies.

If an Event of Default with respect to outstanding Notes occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of amounts payable in respect of the Notes or to enforce the performance of any provision of the Notes or this Indenture, including, without limitation, seeking recourse against any Guarantor.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or

any Holder in exercising any right or remedy accruing upon the Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

SECTION 6.04 Waiver of Past Defaults.

Subject to Sections 6.07 and 9.02 hereof, the Holders of at least a majority in Principal Amount of the outstanding Notes by notice to the Trustee may waive an existing Default or Event of Default except (1) a Default or Event of Default described in Section 6.01 (i) or (ii) (provided, however, that, subject to Section 6.07, the Holders of a majority in Principal Amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration), (2) a Default or Event of Default with respect to a provision of the Indenture that cannot be amended pursuant to Section 9.02 without the consent of each Holder affected by such amendment and (3) a Default or Event of Default which constitutes a failure to convert any Note in accordance with its terms and the terms of the Indenture. When a Default or Event of Default is waived, it is deemed cured and ceases.

SECTION 6.05 Control by Majority.

The Holders of at least a majority in Principal Amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that (i) conflicts with law or this Indenture, (ii) the Trustee determines may be unduly prejudicial to the rights of other Holders or (iii) may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper which is not inconsistent with any such direction.

SECTION 6.06 Limitation on Suits.

Subject to the provisions of Section 6.07 hereof, no Holder of Notes may pursue any remedy with respect to this Indenture or the Notes unless:

(i) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(ii) the Holders of at least 25% in Principal Amount of the outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability, cost or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(v) during such 60-day period, the Holders of at least a majority in Principal Amount of the outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.07 Rights of Holders To Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to (i) receive payment of the Principal Amount, Accreted Value, Redemption Price, Purchase Price, Fundamental Change Purchase Price, Additional Interest or interest, if any, in respect of the Notes held by such Holder on or after the respective due dates expressed in the Notes or any date of redemption, (ii) convert the Notes in accordance with Article III, or (iii) bring suit for the enforcement of any such payment on or after such respective dates or the right to convert, shall not be impaired or affected adversely without the consent of each such Holder.

SECTION 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(i) or (ii) hereof occurs and is continuing with respect to Notes, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company (and any other obligor on the Notes, including any Guarantor) for the whole amount owing in respect of the outstanding Notes (and the related Guarantees), together with (to the extent lawful) interest on overdue amounts payable in respect of the Notes, and such further amount as shall be sufficient to cover the costs and, to the extent lawful, expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.08 hereof.

SECTION 6.09 Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceeding relative to the Company (or any other obligor upon the Notes, including any Guarantor), its creditors or its property and shall be entitled and empowered to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof. Nothing contained in this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities.

If the Trustee collects any amount of money with respect to the Notes pursuant to this Article VI, it shall pay out the money in the following order:

(First) to the Trustee, its agents and attorneys for amounts due under Section 7.08 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made by the trustee and the costs and expenses of collection;

(Second) to Holders for amounts due and unpaid on the Notes for the Principal Amount, Accreted Value, accrued Additional Interest, if any, Redemption Price, Purchase Price, Fundamental Change Purchase Price or interest, if any, as the case may be, ratably, without preference or priority of any kind, according to such amounts due and payable on the Notes; and

(Third) to the Company or any other obligors on the Notes, as their interests may appear, or to such party as a court of competent jurisdiction may direct.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. The Trustee shall notify the Company in writing reasonably in advance of any such record date and payment date.

SECTION 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof or a suit by Holders of more than 10% in Principal Amount of the outstanding Notes.

SECTION 6.12 Stay, Extension and Usury Laws.

The Company and each Guarantor covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

ARTICLE VII

TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) if an Event of Default with respect to the Notes has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture,

and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not, on their face, they conform to the requirements of this Indenture (but need not investigate or confirm the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (e) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability, cost or expense (including, without limitation, reasonable fees of counsel).

(f) The Trustee shall not be obligated to pay interest on any money or other assets received by it unless otherwise agreed in writing with the Company. Assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other

paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(h) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture; and

(i) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

SECTION 7.02 Rights of Trustee.

Subject to Section 315(a) through (d) of the TIA:

(a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel, or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within the rights or powers conferred upon it by this Indenture, unless the Trustee's conduct constitutes negligence.

(e) The Trustee may consult with counsel of its selection and the advice of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

SECTION 7.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as such term is defined in Section 3.10(b) of the TIA), it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (to the extent permitted under Section 310(b) of the TIA) or resign. Any agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided herein or agreed in writing with the Company.

SECTION 7.05 Trustee's Disclaimer.

The Trustee (i) makes no representation as to the validity or adequacy of this Indenture, the Notes or the Guarantees, (ii) is not be accountable for the Company's use of the proceeds from the Notes, and (iii) is not be responsible for any statement in the Notes other than its certificate of authentication.

SECTION 7.06 Notice of Defaults.

If a Default or Event of Default with respect to the Notes occurs and is continuing, and if it is actually known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in payment of the Notes, the Trustee may withhold the notice if and so long as it in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 7.07 Reports by Trustee to Holders.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required by Section 313 of the TIA at the times and in the manner provided by the TIA. If required by Section 313(a) of the TIA, the Trustee shall, within sixty days after each May 15, following the date of this Indenture deliver to the Holders a brief report, dated as of such May 15, which complies with the provisions of such Section 313(a).

A copy of each report at the time of its mailing to Holders shall be filed with the SEC, if required, and each stock exchange, if any, on which the Notes are listed. The Company shall promptly notify the Trustee when the Notes become listed on any stock exchange.

SECTION 7.08 Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable disbursements, advances and expenses incurred by it, including in particular, but without limitation, those incurred in connection with the enforcement of any remedies hereunder. Such expenses may include the reasonable fees and out-of-pocket expenses of the Trustee's agents and counsel.

Except as set forth in the next paragraph, the Company shall indemnify and hold harmless the Trustee and any predecessor trustee against any and all loss, liability, cost or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it arising out of or in connection with the acceptance or administration of the trust under this Indenture. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend such claim and the Trustee shall cooperate in such defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and out-of-pocket expenses of such counsel.

The Company need not reimburse any expense or indemnify against any loss, liability, cost or expense incurred by the Trustee through negligence, wilful misconduct or bad faith.

To secure the Company's payment obligations in this Section 7.08, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay the amounts payable in respect of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.08 will not be subordinate to any other liability or indebtedness of the Company.

The Company's payment obligations pursuant to this Section 7.08 shall survive the satisfaction and discharge of this Indenture. When the Trustee incurs expenses or renders services after an Event of Default specified in clause (vii) or (viii) of Section 6.01 hereof occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

The provisions of this Section shall survive the termination of this Indenture.

SECTION 7.09 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.09.

The Trustee may resign and be discharged from the trust hereby created with respect to the Notes by so notifying the Company in writing. The Holders of a majority in

Principal Amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company must remove the Trustee if:

(i) the Trustee fails to comply with Section 7.11 hereof or Section 310 of the TIA;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a Custodian or public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Company shall promptly appoint a successor Trustee. The Trustee shall be entitled to payment of its fees and reimbursement of its expenses while acting as Trustee. Within one year after the successor Trustee takes office, the Holders of at least a majority in Principal Amount of then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

Any Holder of Notes may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee if the Trustee fails to comply with Section 7.11 hereof.

If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation or removal, the resigning or removed Trustee, as the case may be, may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Notes.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The Company shall mail a notice of the successor Trustee's succession to the Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.08 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.09, the Company's obligations under Section 7.08 hereof shall continue for the benefit of the retiring Trustee with respect to expenses, losses and liabilities incurred by it prior to such replacement.

SECTION 7.10 Successor Trustee by Merger, Etc.

Subject to Section 7.11 hereof, if the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or national banking association, the successor entity without any further act shall be the successor Trustee as to the Notes.

SECTION 7.11 Eligibility; Disqualification.

The Trustee shall at all times satisfy the requirements of Section 310(a)(1), (2) and (5) of the TIA. The Trustee shall at all times have a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition. The Trustee is subject to Section 310(b) of the TIA.

SECTION 7.12 Preferential Collection of Claims Against the Company.

The Trustee is subject to Section 311(a) of the TIA, excluding any creditor relationship listed in Section 311(b) of the TIA. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the TIA to the extent indicated therein.

ARTICLE VIII

DISCHARGE OF INDENTURE

SECTION 8.01 Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Notes herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(i) either:

(a) all Notes previously authenticated and delivered (other than Notes which have been destroyed, lost or stolen and which have been replaced or paid) have been delivered to the Trustee for cancellation; or

(b) all Notes not previously delivered to the Trustee for cancellation have become due and payable (whether at stated maturity, early redemption or otherwise);

and, in the case of clause (b) above, the Company has deposited, or caused to be deposited, irrevocably with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for and dedicated solely to the benefit of the Holders of Notes, Cash and/or U.S. Government Obligations which through the payment of amounts payable in respect thereof, in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in Cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay all amounts payable in respect of all the Notes on the dates such payments are due to maturity or redemption;

(ii) the Company has paid or caused to be paid all other sums payable hereunder by the Company with respect to the Notes; and

(iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.08 hereof shall survive, and, if money will have been deposited with the Trustee pursuant to subclause (b) of clause (i) of this Section, the obligations of the Trustee under Sections 8.02 and 8.03 hereof shall survive.

SECTION 8.02 Application of Trust Funds; Indemnification.

(a) Subject to the provisions of Section 8.03 hereof, all money and U.S. Government Obligations deposited with the Trustee pursuant to Section 8.01 hereof and all money received by the Trustee in respect of U.S. Government Obligations deposited with the Trustee pursuant to Sections 8.01 hereof, shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the persons entitled thereto, of the amounts for whose payment such money has been deposited with or received by the Trustee.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against U.S. Government Obligations deposited pursuant to Sections 8.01 hereof or the interest and principal received in respect of such obligations other than any payable by or on behalf of Holders.

(c) The Trustee shall deliver or pay to the Company from time to time upon the request of the Company any U.S. Government Obligations or money held by it as provided in Sections 8.01 hereof which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such U.S. Government Obligations or money were deposited or received. This provision shall not authorize the sale by the Trustee of any U.S. Government Obligations held under this Indenture.

SECTION 8.03 Repayment to Company.

The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due. After payment to the Company, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

ARTICLE IX

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01 Without Consent of Holders.

Without the consent of any Holder, the Company, the Guarantors and the Trustee may, at any time, amend this Indenture, the Notes or the Guarantees to:

(i) evidence that another person has become the Company's successor under the provisions of this Indenture relating to consolidations, mergers, and sales of assets and that the successor assumes the Company's covenants, agreements, and obligations in this Indenture and in the Notes;

(ii) surrender any of the Company's rights or powers under this Indenture, to add to the Company's covenants further covenants, restrictions, conditions, or provisions for the protection of the holders of the Notes, and to make a default in any of these additional covenants, restrictions, conditions, or provisions a Default or an Event of Default with respect to the Notes;

(iii) cure any ambiguity or to make corrections to this Indenture, any supplemental indenture, or the Notes, or to make such other provisions in regard to matters or questions arising under this Indenture that do not adversely affect the interests of any holders of the Notes in any material respect;

(iv) modify or amend this Indenture to permit the qualification of the Indenture or any supplemental indenture under the TIA as then in effect; provided that such change does not adversely affect the rights hereunder of any Holder in any material respect;

(v) add guarantees with respect to the Notes or remove a Guarantor in respect to the Notes which, in accordance with the terms of this Indenture, ceases to be liable in respect of its Guarantee, or to secure the Notes;

(vi) make any change that does not adversely affect the rights of any holder of the Notes in any material respect; and

(vii) to evidence the appointment of a successor trustee.

SECTION 9.02 With Consent of Holders.

Except as provided below in this Section 9.02, this Indenture, the Notes or the Guarantees may be amended or supplemented, and noncompliance in any particular instance with any provision of this Indenture, the Notes or the Guarantees may be waived, in each case with the written consent of the Holders of at least a majority in Principal Amount of the then outstanding Notes affected thereby.

Without the consent of each Holder of Notes that is affected thereby, an amendment or waiver under this Section 9.02 may not:

(i) reduce the percentage in Principal Amount of Notes whose Holders must consent to an amendment;

(ii) reduce the Principal Amount, Restated Principal Amount or Accreted Value or extend the Maturity of any Note;

(iii) reduce the Redemption Price, Purchase Price or Fundamental Change Purchase Price of any Note;

(iv) make any change that adversely affects the rights of Holders to convert their Notes;

(v) make any change in the manner of calculation or rate of accrual of, or that adversely affects the right to receive, Original Issue Discount or interest, in respect of any Note; reduce the rate of interest referred to in paragraph 1 of the Notes, reduce the rate of interest referred to in Section 3.10 upon the occurrence of a Tax Event, or extend the time for payment of Original Issue Discount or interest, if any, on any Notes;

(vi) make any change that adversely affects the right to require the Company to purchase the Notes;

(vii) make any Note payable in currency other than that stated in the Note;

(viii) modify or change any provision of Article X in a manner which adversely affects the Holders;

(ix) release any security that may have been granted in

respect of the Notes;

(x) make any change in the provisions of this Indenture relating to waivers of Defaults or amendments that require unanimous consent;

(xi) impair the right to institute suit for the enforcement of any payment with respect to, or a conversion of, the Notes; or

(xii) modify any of the provisions of this Section 9.02, except to increase the percentage in Principal Amount whose Holders must consent to an amendment or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment or waiver under this Section 9.02 becomes effective, the Company shall mail to Holders affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

SECTION 9.03 Compliance with Trust Indenture Act.

Every amendment to this Indenture or the Notes shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04 Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note; provided, however, that unless a record date shall have been established pursuant to Section 2.14 hereof, any such Holder or subsequent Holder may revoke the consent as to its Note or portion of a Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective on receipt by the Trustee of consents from the Holders of the requisite percentage Principal Amount of the outstanding Notes, and thereafter shall bind every Holder of Notes; provided, however, if the amendment, supplement or waiver makes a change described in any of the clauses (i) through (xii) of Section 9.02 hereof, the amendment, supplement or waiver shall bind only each Holder of a Note which has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

SECTION 9.05 Notation on or Exchange of Notes.

If an amendment, supplement or waiver changes the terms of a Note:

(a) the Trustee may require the Holder of a Note to deliver such Note to the Trustee, the Trustee may place an appropriate notation on the Note about the changed terms and return it to the Holder and the Trustee may place an appropriate notation on any Note thereafter authenticated; or

(b) if the Company or the Trustee so determines, the Company in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06 Trustee to Sign Amendment, etc.

The Trustee shall sign any amendment authorized pursuant to this Article IX if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing or refusing to sign such amendment, the Trustee shall be entitled to receive and shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment is authorized or permitted by this Indenture.

ARTICLE X
GUARANTEES

SECTION 10.01 Guarantees.

(a) Subject to the provisions of this Article X, each Guarantor, jointly and severally, irrevocably and unconditionally guarantees to each Holder of Notes and to the Trustee on behalf of the Holders:

(i) the due and punctual payment in full of all amounts payable in respect of the Notes when due, whether at stated maturity, upon acceleration, redemption, repurchase or otherwise;

(ii) the due and punctual payment in full of interest on the overdue principal amounts and, to the extent permitted by law, interest on the Notes; and

(iii) the due and punctual payment of all other Obligations of the Company and the other Guarantors to the Holders or the Trustee hereunder or under the Notes, including, without limitation, the payment of fees, expenses, indemnification or other amounts.

In case of the failure of the Company punctually to make any such payment or the failure of the Company or any other Guarantor to pay any such other Obligation, each Guarantor agrees to cause any such payment to be made punctually when due, whether at stated maturity, upon acceleration, redemption, repurchase or otherwise, and as if such payment were made by the Company and to perform any such other Obligation of the Company immediately. Each Guarantor further agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the Holders in enforcing any rights under these Guarantees. The Guarantees under this Article X are guarantees of payment and not of collection.

(b) Each of the Company and the Guarantors waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, insolvency or bankruptcy of the Company or any other Guarantor, any right to require a proceeding first against the Company or any other Guarantor, protest or notice with respect to the Notes and all demands whatsoever, and covenants that these Guarantees shall not be discharged except by complete performance of the Obligations contained in the Notes and in this Indenture, or as otherwise specifically provided therein or herein.

(c) Each Guarantor waives and relinquishes:

(i) any right to require the Trustee, the Holders or the Company (each, a "Benefited Party") to proceed against the Company, the Subsidiaries of the Company or any other Person or to proceed against or exhaust any security held by a Benefited Party at any time or to pursue any other remedy in any secured party's power before proceeding against the Guarantors;

(ii) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other Person or Persons or the failure of a Benefited Party to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other Person or Persons;

(iii) demand, protest and notice of any kind (except as expressly required by this Indenture), including, but not limited to, notice of the existence, creation or incurrence of any new or additional indebtedness or obligation or of any action or non-action on the part of the Guarantors, the Company, the Subsidiaries of the Company, any Benefited Party, any creditor of the Guarantors, the Company or the Subsidiaries of the Company or on the part of any other Person whomsoever in connection with any obligations the performance of which are hereby guaranteed;

(iv) any defense based upon an election of remedies by a Benefited Party, including but not limited to an election to proceed against the Guarantors for reimbursement;

(v) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(vi) any defense arising because of a Benefited Party's election, in any proceeding instituted under the Bankruptcy Law, of the application of Section 1111(b)(2) of the U.S. Bankruptcy Code; and

(vii) any defense based on any borrowing or grant of a security interest under Section 364 of the U.S. Bankruptcy Code.

(d) Each Guarantor further agrees that, as between such Guarantor, on the one hand, and Holders and the Trustee, on the other hand:

(i) for purposes of the relevant Guarantee, the maturity of the Obligations Guaranteed by such Guarantee may be accelerated as provided in Article VI, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed thereby, and

(ii) in the event of any acceleration of such Obligations (whether or not due and payable) such Obligations shall forthwith become due and payable by such Guarantor for purposes of such Guarantee.

(e) The Guarantees shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, on any of the Notes is rescinded or must otherwise be returned by the Holders or the Trustee upon the insolvency, bankruptcy or reorganization of the Company or any of the Guarantors, all as though such payment had not been made.

(f) Each Guarantor shall be subrogated to all rights of the Holders against the Company in respect of any amounts paid by such Guarantor pursuant to the provisions of the Guarantees or this Indenture; provided, however, that a Guarantor shall not be entitled to enforce or to receive any payments until all amounts payable in respect of all Notes issued hereunder shall have been paid in full.

SECTION 10.02 Obligations of Guarantors Unconditional.

Each Guarantor agrees that its Obligations hereunder shall be Guarantees of payment and shall be unconditional, irrespective of and unaffected by the validity, regularity or enforceability of the Notes or this Indenture, or of any amendment thereto or hereto, the absence of any action to enforce the same, the waiver or consent by any Holder or by the Trustee with respect to any provisions thereof or of this Indenture, the entry of any judgment against the Company or any other Guarantor or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

SECTION 10.03 Limitation on Guarantors' Liability.

Each Guarantor, and by its acceptance hereof each Holder, confirms that it is the intention of all such parties that the Guarantee by such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law. To effectuate the foregoing intention, the Holders and such Guarantor irrevocably agree that the Obligations of such Guarantor under this Article X shall be limited to the maximum amount as shall, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the Obligations of such other Guarantor under this Article X, result in the Obligations of such Guarantor under its Guarantee not constituting a fraudulent transfer or conveyance under applicable federal or state law.

SECTION 10.04 Releases of Guarantees.

(a) In the event an entity that is a Guarantor ceases to be a guarantor under the Principal Credit Facilities and the Existing Senior Notes, such entity shall also cease to be a Guarantor, whether or not a Default or an Event of Default is then outstanding. In connection with any Guarantor ceasing to be a Guarantor hereunder, the Company shall deliver to the Trustee an Officers' Certificate certifying that a Guarantor has ceased to be a guarantor under the Principal Credit Facilities and the Existing Senior Notes (or will cease to be a guarantor concurrently with it ceasing to be a Guarantor). Upon delivery to the Trustee of such Officers' Certificate, upon the request of the Company, the Trustee shall execute proper documents acknowledging the release of such Guarantor from its obligations under this Indenture and the Notes, effective upon the Guarantor ceasing to be a guarantor under the Principal Credit Facilities and the Existing Senior Notes.

(b) Any Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount payable on the Notes and for the other obligations of the

Company, such Guarantor and any other Guarantor under this Indenture as provided in this Article X.

SECTION 10.05 Application of Certain Terms and Provisions to Guarantors.

(a) For purposes of any provision of this Indenture which provides for the delivery by any Guarantor of an Officers' Certificate or an Opinion of Counsel or both, the definitions of such terms in Section 1.01 hereof shall apply to such Guarantor as if references therein to the Company were references to such Guarantor.

(b) Any request, direction, order or demand which by any provision of this Indenture is to be made by any Guarantor shall be sufficient if evidenced by a written order of the Guarantor signed by one Officer of such Guarantor.

(c) Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on any Guarantor may be given or served as described in Section 11.02 hereof.

(d) Upon any demand, request or application by any Guarantor to the Trustee to take any action under this Indenture, such Guarantor shall furnish to the Trustee such certificates and opinions as are required in Section 7.02 hereof as if all references therein to the Company were references to such Guarantor.

SECTION 10.06 Additional Guarantors.

The Company shall cause each Subsidiary of the Company that becomes a guarantor under the Principal Credit Facilities or the Existing Senior Notes (including any Subsidiary that may have been formerly released as a Guarantor pursuant to Section 10.04), after the Issue Date, to execute and deliver to the Trustee, promptly upon any such formation or acquisition:

(i) a supplemental indenture in form and substance satisfactory to the Trustee which subjects such subsidiary to the provisions of this Indenture as a Guarantor, and

(ii) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such Subsidiary and constitutes the legally valid and binding obligation of such Subsidiary (subject to exceptions concerning fraudulent conveyance laws, creditors' rights and equitable principles and other customary exceptions as may be acceptable to the Trustee in its discretion).

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Trust Indenture Act Controls.

This Indenture is subject to the provisions of the TIA which are required to be part of this Indenture, and shall, to the extent applicable, be governed by such provisions.

SECTION 11.02 Notices.

Any notice or communication to the Company, the Guarantors or the Trustee is duly given if in writing and delivered in person or mailed by first-class mail to the address set forth below:

If to the Company or any Guarantor, addressed to the Company or such Guarantor:

Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48086-5008
Attention: Vice President & Treasurer

with a copy to:

Winston & Strawn
200 Park Avenue
New York, New York 10166
Attention: Daniel Ninivaggi

If to the Trustee:

The Bank of New York
101 Barclay Street
21st Floor
New York, New York 10286
Attention: Corporate Trust Administration

The Company, the Guarantors or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder shall be mailed by first-class mail to his address shown on the Register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed or sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it, except that notice to the Trustee shall only be effective upon receipt thereof by the Trustee.

If the Company or any Guarantor mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 11.03 Communication by Holders with Other Holders.

Holders may communicate pursuant to Section 312(b) of the TIA with other Holders with respect to their rights under the Notes, the Guarantees or this Indenture. The

Company, the Guarantors, the Trustee, the Registrar and anyone else shall have the protection of Section 312(c) of the TIA.

SECTION 11.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(i) an Officers' Certificate (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(ii) an Opinion of Counsel (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 11.05 Statements Required in Certificate or Opinion.

Each certificate (other than certificates provided pursuant to Section 4.04 hereof) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with; provided, however, that with respect to matters of fact, an Opinion of Counsel may rely on an Officers' Certificate or certificate of public officials.

SECTION 11.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or for a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 11.07 Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in The City of New York are not required or authorized to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.08 Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 11.09 Governing Law.

THIS INDENTURE, THE NOTES AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 11.10 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.11 Successors.

All agreements of the Company under the Notes and this Indenture and of the Guarantors under the Guarantees and this Indenture shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 11.12 Severability.

In case any provision in the Notes or in the Guarantees or in this Indenture is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.13 Counterpart Originals.

This Indenture may be signed in one or more counterparts. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 11.14 Submission to Jurisdiction.

By the execution and delivery of this Indenture, the Company and each of the Guarantors submits to the nonexclusive jurisdiction of any federal or state court in the State of New York with respect to all matters related to this Indenture, the Notes and the Guarantees.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed by their respective officers thereunto duly authorized, on the date as of the day and date first written above.

LEAR CORPORATION

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

LEAR OPERATIONS CORPORATION

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR SEATING HOLDINGS CORP. #50

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR TECHNOLOGIES, LLC

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

LEAR MIDWEST AUTOMOTIVE, LIMITED
PARTNERSHIP

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

LEAR CORPORATION MEXICO, S.A. DE C.V.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

THE BANK OF NEW YORK, AS TRUSTEE

By: Paul Schmalzel
.....
Name: Paul Schmalzel
Title: Vice President

[FACE OF NOTE]

FOR UNITED STATES FEDERAL INCOME TAX PURPOSES, THIS SECURITY BEARS ORIGINAL ISSUE DISCOUNT. INFORMATION INCLUDING THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE, AND THE YIELD TO MATURITY WILL BE MADE AVAILABLE TO HOLDERS UPON WRITTEN REQUEST TO THE TREASURER OF THE COMPANY.

[if a Global Note, insert: UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO LEAR CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[if a Restricted Security, insert: THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE AND COMMON STOCK ISSUABLE UPON CONVERSION OR OTHERWISE IN RESPECT HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE AND THE COMMON STOCK ISSUABLE UPON CONVERSION OR OTHERWISE IN RESPECT HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF

ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THE NOTES OR THE COMMON STOCK EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.]

LEAR CORPORATION

Zero-Coupon Senior Convertible Note Due February 20, 2022

No. R-

Issue Date: February 20, 2002	Original Issue Discount: $608.94
Issue Price: $391.06	(for each $1,000 Principal Amount)
(for each $1,000 Principal Amount)	CUSIP:

Lear Corporation, a Delaware corporation (the "Company") for value received, hereby promises to pay to Cede & Co., or registered assigns, the Principal Amount of _____ Dollars ($_____) on February 20, 2022.

The principal of this Note shall not bear interest, except in the case of default in payment of principal upon acceleration, redemption, repurchase or maturity or as specified on the other side of this Note. Original Issue Discount will accrue as specified on the other side of this Note. This Note is convertible as specified on the other side of this Note.

Payment of the amounts due under this Note will be made at the office or agency of the Company maintained for that purpose in The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company, payment of interest, if any, may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Register. [if a Global Note, insert: Payments in respect of this Security shall be made by transfer of immediately available funds to the account specified by the Holder.]

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Note to be executed manually or by facsimile by its duly authorized officers.

Dated: LEAR CORPORATION

By:_____
Name:
Title:

By:_____
Name:
Title:

Trustee's Certificate of Authentication

This is one of the Zero-Coupon Convertible Senior Notes due February 20, 2022 referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK,
as Trustee

By:_____
Authorized Signatory

Date:

[REVERSE SIDE OF NOTE]

LEAR CORPORATION

ZERO-COUPON CONVERTIBLE SENIOR NOTE DUE FEBRUARY 20, 2022

1. INTEREST

This Note shall not bear periodic interest, except as specified in this paragraph and in paragraph 9 hereof. If the Principal Amount hereof or any portion of such Principal Amount is not paid when due (whether upon acceleration pursuant to the Indenture, upon the date set for payment of the Redemption Price pursuant to paragraph 5 hereof, upon the date set for payment of a Purchase Price or Fundamental Change Purchase Price pursuant to paragraph 6 hereof or upon the Maturity Date of this Note) or if interest due hereon or any portion of such interest is not paid when due in accordance with paragraph 9 hereof, then in each such case the overdue amount shall bear interest at the rate of 4.75% per annum, compounded semiannually (to the extent that the payment of such interest shall be legally enforceable), which interest shall accrue from the date such overdue amount was due to the date payment of such amount, including, to the extent lawful, interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in lieu of, and not in addition to, the continued accretion.

The Notes shall increase in Accreted Value commencing on the Issue Date, subject to the Notes being converted to Cash Pay Notes pursuant to paragraph 9.

"Accreted Value" means, at any date of determination, (1) prior to such time as this Note is converted into a Cash Pay Note, the sum of (x) the Issue Price of this Note and (y) the portion of the excess of the Principal Amount of this Note over the Issue Price ("Original Issue Discount") which shall have been amortized by the Company in accordance with GAAP through such date, such amount to be so amortized on a daily basis and compounded semiannually on each February 20 and August 20 at the rate of 4.75% per annum from the Issue Date through the date of determination computed on the basis of a 360-day year and twelve 30-day months and (2) at or after such time as this Note is converted to a Cash Pay Note, its Restated Principal Amount.

2. METHOD OF PAYMENT

Subject to the terms and conditions of the Indenture, the Company shall make payments in respect of the Notes to the Persons who are registered Holders of Notes at the close of business on the Business Day preceding the Redemption Date or Maturity Date, as the case may be, or at the close of business on a Purchase Date or Fundamental Change Purchase Date, as the case may be. Holders must surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company shall pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money.

3. REGISTRAR, PAYING AGENT AND CONVERSION AGENT

Initially, The Bank of New York (the "Trustee'), shall act as Registrar, Paying Agent and Conversion Agent. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Trustee except that the Company will maintain at least one Paying Agent in the State of New York, The City of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. INDENTURE

The Company issued the Notes under an Indenture dated as of February 20, 2002 among the Company, the Guarantors and Trustee (the "Indenture"). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 ("TIA") as in effect on the date of the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of them. Capitalized terms not defined herein have the meanings given to those terms in the Indenture.

The Notes are general unsecured obligations of the Company limited to $640,000,000 aggregate Principal Amount (subject to Sections 2.03 and 2.09 of the Indenture). The Indenture does not limit other indebtedness of the Company, secured or unsecured, of the Company.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: Lear Corporation, 21557 Telegraph Road, Southfield, Michigan 48086-5008, Attention: Vice President and Treasurer.

5. REDEMPTION AT THE OPTION OF THE COMPANY

No sinking fund is provided for the Notes. Beginning on February 20, 2007, the Company may redeem the Notes for Cash, in whole, or from time to time in part, at a redemption price equal to the Accreted Value thereof to but excluding the Redemption Date. The Company will give holders not less than 30 days nor more than 60 days notice of redemption.

The table below shows what the Accreted Value of a Note per $1,000 Principal Amount would be on February 20, 2007, and at specified dates thereafter prior to maturity and at the Maturity Date. The Accreted Value, in dollars, of a Note per $1,000 Principal Amount redeemed between such dates shall include an additional amount reflecting the increase in Accreted Value since the next preceding date in the table to but excluding the actual Redemption Date.

REDEMPTION DATE	ISSUE PRICE(1)	INCREASE IN ACCRETED VALUE AT 4.75%(2)	REDEMPTION PRICE (1+2)
February 20, 2007	$ 391.06	$ 103.46	$ 494.52
February 20, 2008	$ 391.06	$ 127.23	$ 518.29
February 20, 2009	$ 391.06	$ 152.14	$ 543.20
February 20, 2010	$ 391.06	$ 178.25	$ 569.31
February 20, 2011	$ 391.06	$ 205.61	$ 596.67
February 20, 2012	$ 391.06	$ 234.29	$ 625.35
February 20, 2013	$ 391.06	$ 264.34	$ 655.40
February 20, 2014	$ 391.06	$ 295.85	$ 686.91
February 20, 2015	$ 391.06	$ 328.86	$ 719.92
February 20, 2016	$ 391.06	$ 363.46	$ 754.52
February 20, 2017	$ 391.06	$ 399.73	$ 790.79
February 20, 2018	$ 391.06	$ 437.74	$ 828.80
February 20, 2019	$ 391.06	$ 477.57	$ 868.63
February 20, 2020	$ 391.06	$ 519.32	$ 910.38
February 20, 2021	$ 391.06	$ 563.08	$ 954.14
February 20, 2022	$ 391.06	$ 608.94	$ 1,000.00

If this Note has been converted to a Cash Pay Note, the Redemption Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion to the Redemption Date; but in no event will this Note be redeemable before February 20, 2007.

6. PURCHASE BY THE COMPANY AT THE OPTION OF THE HOLDER; PURCHASE AT THE OPTION OF THE HOLDER UPON A FUNDAMENTAL CHANGE

Subject to the terms and conditions of the Indenture, a Holder of Notes shall have the option to require the Company to purchase the Notes held by such Holder on the following Purchase Dates and at the following Purchase Prices per $1,000 Principal Amount, upon delivery of a Purchase Notice containing the information set forth in the Indenture, from the opening of business on the date that is 30 Business Days prior to such Purchase Date until the close of business on such Purchase Date and upon delivery of the Notes to the Paying Agent by the Holder as set forth in the Indenture. Such Purchase Prices may be paid, at the option of the Company, in cash or by the issuance and delivery of shares of Common Stock, or in any combination thereof.

The Purchase Price of a Note will be:

- $494.52 per Note on February 20, 2007;

- $625.35 per Note on February 20, 2012; and

- $790.79 per Note on February 20, 2017.

Notes in denominations larger than $1,000 of Principal Amount may be purchased in part, but only in multiples of $1,000 of Principal Amount.

If prior to a Purchase Date this Note has been converted to a Cash Pay Note, the Purchase Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the Purchase Date.

If a Fundamental Change shall occur at any time, each Holder shall have the right, at such Holder's option and subject to the terms and conditions of the Indenture, to require the Company to purchase such Holder's Notes on a date no later than 35 Business Days after the date of the Fundamental Change, for a Fundamental Change Purchase Price equal to the Accreted Value to but excluding the Fundamental Change Purchase Date. The Fundamental Change Purchase Price may be paid, at the option of the Company, in cash or by the issuance and delivery of shares of Common Stock, or in any combination thereof. If, prior to the Fundamental Change Purchase Date, this Note was converted to a Cash Pay Note the Fundamental Change Purchase Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the Fundamental Change Purchase Date. Notes in denominations larger than $1,000 of Principal Amount may be surrendered for purchase in part in connection with a Fundamental Change, but only in multiples of $1,000 of Principal Amount.

Holders have the right to withdraw any Purchase Notice or Fundamental Change Purchase Notice, as the case may be, by delivery to the Paying Agent of a written notice of withdrawal in accordance with the provisions of the Indenture.

7. NOTICE OF REDEMPTION AT THE OPTION OF THE COMPANY

Notice of redemption at the option of the Company shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of, together with any accrued and unpaid interest, if any, with respect to, all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, on and after such date Original Issue Discount and interest, if any, on the Notes (or portions thereof) called for redemption will cease to accrue. Notes in denominations larger than $1,000 Principal Amount may be redeemed in part but only in multiples of $1,000 Principal Amount.

8. CONVERSION

A Holder of a Note may convert this Note into Common Stock at any time on or before the close of business on February 20, 2022 if at least one of the following conditions is satisfied:

(a) the Twenty-Day Average Price on the Conversion Date is at least a specified percentage, beginning at 120% for the first year following the Issue Date and declining 1/2% on February 20 of each year thereafter, declining to 110% at the Maturity

Date, of the Accreted Value as of such date of conversion, divided by the Conversion Rate;

(b) the long-term credit rating assigned to the Notes by either Moody's or S&P is reduced to below Ba3 or BB-, respectively, or any one of these rating services withdraws its long-term credit rating assigned to the Notes;

(c) the Notes have been called for redemption by the Company; or

(d) the Company elects (i) to distribute to all holders of Common Stock rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, Common Stock at a purchase price less than the Sale Price at the time of such distribution, (ii) to distribute to all holders of Common Stock assets, debt, securities or rights to purchase securities of the Company, which distribution has a per share value as determined by the Company's Board of Directors exceeding 15% of the Sale Price of the Common Stock on the day preceding the declaration date for such distribution, or (iii) to become a party to a consolidation, merger or binding share exchange pursuant to which the Common Stock would be converted into cash, securities or other property, in which case the Holder may surrender this Note for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date of such transaction.

For purposes of the foregoing, "Twenty Day Average Price" means the average of the Sale Price of the Common Stock for each Trading Day in the 20 Trading Day period ending on the last Trading Day prior to the applicable Conversion Date, appropriately adjusted to take into account the occurrence, during such 20 Trading Day period, of any event requiring adjustment of the Conversion Rate under the Indenture.

In the case of the foregoing clauses (d)(i) and (ii), the Company must notify the Holders of Notes at least 20 days prior to the ex-dividend date for such distribution. Once the Company has given such Notice, Holders may surrender their Notes for conversion at any time thereafter until the earlier of the close of business on the Business Day prior to the ex-dividend date or the Company's announcement that such distribution will not take place.

If this Note is called for redemption, the Holder may convert it at any time before the close of business on the last Business Day prior to the Redemption Date. A Note in respect of which a Holder has delivered a notice of exercise of the option to require the Company to purchase such Note or to purchase such Note in the event of a Fundamental Change may be converted only if the notice of exercise is withdrawn in accordance with the terms of the Indenture.

The initial Conversion Rate is 7.5204 shares of Common Stock per Note with a $1,000 Principal Amount, subject to adjustment in certain events described in the Indenture. The Company shall deliver cash or a check in lieu of any fractional share of Common Stock.

In the event the Company exercises its option pursuant to Section 3.10 of the Indenture to convert the Notes to Cash Pay Notes, the Holder will be entitled on conversion to receive the same number of shares of Common Stock such Holder would have received if the

Company had not exercised such option. If the Company exercises such option, Notes surrendered for conversion during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business of such Interest Payment Date (except Notes with respect to which the Company has mailed a notice of redemption) must be accompanied by payment of an amount equal to the interest thereon that the registered Holder is to receive. Except where Notes surrendered for conversion are so surrendered after a Regular Record Date but prior to the opening of business on the corresponding Interest Payment Date (in which case such converting Holder shall receive a final interest payment on such Interest Payment Date, which interest payment may be repayable to the Company upon conversion as described in this paragraph), no interest on converted Notes will be payable by the Company on any Interest Payment Date subsequent to the date of conversion.

To convert this Note a Holder must (1) complete and manually sign the conversion notice on the back of this Note (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent at the office maintained by the Conversion Agent for such purpose, (2) surrender this Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Trustee and (4) pay any transfer or similar tax, if required.

A Holder may convert a portion of this Note only if the Principal Amount of such portion is $1,000 or a multiple of $1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of this Note, that portion of Accreted Value (or, interest, if the Company has exercised its option provided for in paragraph 9 hereof) attributable to the period from the Issue Date (or, if the Company has exercised the option referred to in paragraph 9 hereof, the later of (x) the date of such exercise and (y) the date on which interest was last paid) to the Conversion Date shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Common Stock (together with any cash payment in lieu of fractional shares) in exchange for the portion of this Note being converted pursuant to the terms hereof; and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as issued, to the extent thereof, first in exchange for Original Issue Discount accrued through the Conversion Date, and the balance, if any, of such fair market value of such Common Stock (and any such cash payment) shall be treated as issued in exchange for the Issue Price of the Note being converted pursuant to the provisions hereof.

9. TAX EVENT

(a) From and after (i) the date (the "Tax Event Date") of the occurrence of a Tax Event and (ii) the date the Company exercises such option, whichever is later (the "Option Exercise Date"), at the option of the Company, all of the Notes will cease to accrete, and cash interest shall accrue at the rate of 4.75% per annum on the restated principal amount (the "Restated Principal Amount"), equal to the Accreted Value on the Option Exercise Date, and shall be payable semi-annually on February 20 and August 20 of each year (each an "Interest Payment Date") to holders of record at the close of business on February 5 or August 5 (each a "Regular Record Date") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will accrue from the most recent date to

which interest has been paid or, if no interest has been paid, from the Option Exercise Date.

(b) Interest on any Note that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Note is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose. Each installment of interest on any Note shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States.

10. GUARANTEES

The Notes are guaranteed by the Guarantors, subject to the release of such guarantees under certain circumstances, as provided in the Indenture.

11. DEFAULTED INTEREST

Except as otherwise specified with respect to the Notes, any Defaulted Interest on any Note shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date or accrual date, as the case may be, by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company as provided for in Section 3.11 of the Indenture.

12. DENOMINATIONS; TRANSFER; EXCHANGE

The Notes are in registered form, without coupons, in denominations of $1,000 of Principal Amount and multiplies of $1,000. A Holder may transfer or convert Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes in respect of which a Purchase Notice or Fundamental Change Purchase Notice has been given and not withdrawn (except, in the case of a Note to be purchased in part, the portion of the Note not to be purchased) or any Notes for a period of 15 days before any selection of Notes to be redeemed.

13. PERSONS DEEMED OWNERS

The registered Holder of this Note may be treated as the owner of this Note for all purposes.

14. UNCLAIMED MONEY OR PROPERTY

If money for the payment of amounts payable in respect of the Notes remains unclaimed for two years, the Trustee and the Paying Agent will pay the money back to the Company at its request. After that, Holders entitled to the money must look to the Company for payment, unless an abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

15. SATISFACTION AND DISCHARGE

When either (a) all Notes previously authenticated and delivered (other than Notes which have been destroyed, lost or stolen and which have been replaced or paid) have been delivered to the Trustee for cancellation or (b) all Notes not previously delivered to the Trustee for cancellation have become due and payable (whether at stated maturity, or upon early redemption, repurchase or otherwise), the obligations under the Notes, the Guarantees and the Indenture may be terminated if the Company deposits with the Trustee Cash and/or U.S. Government Obligations sufficient to pay all amounts payable in respect of the Notes in accordance with the terms of the Indenture.

16. AMENDMENT; SUPPLEMENT; WAIVER

Subject to certain exceptions, the Indenture, the Notes and the Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in Principal Amount of the Notes then outstanding, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of at least a majority in Principal Amount of the Notes then outstanding. Without notice to or the consent of any Holder, the parties thereto may amend or supplement the Indenture, the Notes or the Guarantees to, among other things, cure any ambiguity, defect or inconsistency and make any change that does not materially and adversely affect the rights of any Holder.

17. RESTRICTIVE COVENANTS

The Indenture imposes certain limitations on the ability of the Company and its Restricted Subsidiaries, among other things, to create liens and engage in sale and lease-back transactions. In addition, the Indenture imposes certain limitations on the ability of the Company to engage in mergers and consolidations or transfers of all or substantially all of its assets. The Indenture requires the Company to deliver to the Trustee an Officers' Certificate within 120 days after the end of each fiscal year stating whether or not the signers thereof know of any Default or Event of Default under such restrictive covenants.

18. DEFAULTS AND REMEDIES

The Indenture provides that each of the following events constitutes an Event of Default with respect to this Note: (i) failure to pay the Principal Amount (or if the Notes have been converted to Cash Pay Notes following a Tax Event pursuant to paragraph 9, the Restated Principal Amount), Redemption Price, Purchase Price or Fundamental Change Purchase Price with respect to any Notes when such amount becomes due and payable at maturity, upon acceleration, redemption, repurchase or otherwise; (ii) if the Notes have been converted to Cash Pay Notes following a Tax Event pursuant to paragraph 9 or Additional Interest is payable pursuant to the Registration Rights Agreement, the Company defaults in the payment of interest when it becomes due and payable and such default continues for a period of 30 days; (iii) failure to comply with any of the other agreements or covenants under the Indenture, which failure is not cured within 30 days after notice is given as specified in the Indenture; (iv) any Guarantee ceases to be in full force and effect or any Guarantor denies or disaffirms its obligations under its

Guarantee, except, in each case, in connection with a release of a Guarantee in accordance with the terms of this Indenture; (v) the nonpayment at maturity or other default (beyond any applicable grace period) under any agreement or instrument relating to any other Indebtedness of the Company or any of its Subsidiaries (the unpaid principal amount of which is not less than $40 million), which default results in the acceleration of the maturity of such Indebtedness prior to its stated maturity or occurs at the final maturity thereof; (vi) the entry of any final judgment or orders against the Company or any of its Subsidiaries in excess of $40 million individually or in the aggregate (not covered by insurance) that is not paid, discharged or otherwise stayed (by appeal or otherwise) within 60 days after the entry of such judgments or orders; and (vii) certain events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary.

If an Event of Default occurs and is continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

19. TRUSTEE DEALINGS WITH THE COMPANY

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from and perform services for the Company or its Affiliates and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

20. NO RECOURSE AGAINST OTHERS

A director, officer, employee, agent, manager, controlling person, stockholder, incorporator or other Affiliate of the Company, as such, shall not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

21. AUTHENTICATION

This Note shall not be valid until the Trustee signs the certificate of authentication on the other side of this Note.

22. ABBREVIATIONS

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/MIA (= Uniform Gift to Minors Act).

23. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED SECURITIES

In addition to the rights provided to Holders under the Indenture, Holders of Restricted Securities shall have all the rights set forth in the Registration Rights Agreement.

24. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

25. GOVERNING LAW

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

26. SUCCESSOR CORPORATION

When a successor corporation assumes all the obligations of its predecessor under the Notes and the Indenture, the predecessor corporation will be released from those obligations.

FORM OF CONVERSION NOTICE

To: Lear Corporation

The undersigned registered holder of this Note hereby exercises the option to convert this Note, or portion hereof (which is $1,000 Principal Amount or a multiple thereof) designated below, for shares of Common Stock of Lear Corporation in accordance with the terms of the Indenture referred to in this Note, and directs that the shares issuable and deliverable upon such conversion, together with any check for any cash deliverable upon such conversion, and any Notes representing any unconverted Principal Amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert this Note.

Dated:

Signature(s)

Fill in for registration of shares if to be delivered, and Notes if to be issued other than to and in the name of registered holder:

Principal Amount
to be converted (if less than all):

- ---

(Name)

- ---

(Street Address)

- ---

(City, state, and zip code)

Social Security or
Other Taxpayer Number

Please print name and address

OPTION TO ELECT TO PURCHASE UPON A FUNDAMENTAL CHANGE

To: Lear Corporation
The Bank of New York, as Paying Agent

The undersigned registered holder of this Note hereby acknowledges receipt of a notice from Lear Corporation (the "Company") as to the occurrence of a Fundamental Change with respect to the Company and requests and instructs the Company to purchase this Note, or the portion hereof (which is $1,000 Principal Amount or a multiple thereof) designated below, in accordance with the terms of the Indenture referred to in this Note and directs that the check in payment for this Note or the portion thereof and any Notes representing any unpurchased Principal Amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If any portion of this Note not repurchased is to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

Dated:

Signature(s)

Fill in for registration of shares if to be delivered, and Notes if to be issued other than to and In the name of registered holder:

(Name)

(Street Address)

(City, state and zip code)

Please print name and address Certificate Number, if certificated:

Principal Amount to be purchased (if less than all): $__,000

If the Company elects, pursuant to a Fundamental Change Notice, to pay the Fundamental Change Purchase Price to be paid as of such Fundamental Change Purchase Date, in whole or in part, in Common Stock but such portion of the Fundamental Change Purchase Price shall ultimately be payable to such Holder in Cash because any of the conditions to the payment of the Fundamental Change Purchase Price in Common Stock are not satisfied prior to or on the Fundamental Change Purchase Date, I elect

[ ] to withdraw such Purchase Notice as to [$_____] Principal Amount of Notes [all of the Notes to which this Fundamental Change Purchase Notice relates] or

[ ] to receive Cash in respect of the entire Fundamental Change Purchase Price for all Notes (or portions thereof) to which this Fundamental Change Purchase Notice relates.

ASSIGNMENT

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ as attorney-in-fact to transfer such Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the Note within the period prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act) under the Securities Act of 1933, as amended, (or any successor provision), the undersigned confirms that such Note is being transferred:

[ ] Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

[ ] outside the United States in an offshore transaction in accordance with Rule 904 under the Securities Act of 1933, as amended; or

[ ] Pursuant to an exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144 thereunder,

and unless the box below is checked, the undersigned confirms that to its knowledge such Security is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate").

[ ] The transferee is an Affiliate of the Company.

Dated: ----------

Name: ----------

Signature: ----------

Signature(s) must be guaranteed by an eligible Guarantor Institution (a bank, a stock broker, a savings and loan association or a credit union) with membership in an approved signature guarantee program pursuant to Securities and Exchange Commission Rule 17Ad-15) if shares of Common Stock are to be issued, or Securities to be delivered, other than to or in the name of the registered holder.

By: ----------

Signature Guarantor

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

SCHEDULE OF CHANGES OF PRINCIPAL AMOUNT OF GLOBAL NOTE(1)

The following changes of a part of this Global Note have been made:

Date	Amount of decrease or increase in Principal Amount of this Global Note and reason for change	Principal Amount of this Global Note following such decrease (or increase)	Signature of Authorized Officer of Trustee

- -----
(1) This schedule should be included only if the Note is issued in global form.

EXHIBIT 10.28

$515,000,000

LEAR CORPORATION

ZERO-COUPON CONVERTIBLE SENIOR NOTES DUE 2022

PURCHASE AGREEMENT

February 14, 2002

Credit Suisse First Boston Corporation,
As Representative of the Several Purchasers,
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Dear Sirs:

1. Introductory. Lear Corporation, a Delaware corporation (the "COMPANY"), proposes, subject to the terms and conditions stated herein, to issue and sell the several initial purchasers named in Schedule A hereto (the "PURCHASERS") U.S. $515,000,000 principal amount at maturity of its Zero-Coupon Convertible Senior Notes due 2022 (the "FIRM SECURITIES") and also proposes to grant to the Purchasers an option, exercisable from time to time by Credit Suisse First Boston Corporation to purchase an aggregate of up to an additional U.S. $125,000,000 principal amount at maturity ("OPTIONAL SECURITIES") of its Zero-Coupon Convertible Senior Notes, each to be guaranteed on a joint and several basis by the Guarantors listed on Schedule B hereto (each a "GUARANTOR" and together, the "GUARANTORS") and each to be issued under an indenture, dated as of February 20, 2002 (the "INDENTURE"), among the Company, the Guarantors and The Bank of New York, as Trustee. The Firm Securities and the Optional Securities which the Purchasers may elect to purchase pursuant to Section 3 hereof are herein collectively called the "OFFERED SECURITIES". The United States Securities Act of 1933 is herein referred to as the "SECURITIES ACT."

The holders of the Offered Securities will be entitled to the benefits of a Registration Rights Agreement of even date herewith among the Company, the Guarantors and the Purchasers (the "REGISTRATION RIGHTS AGREEMENT"), pursuant to which the Company and the Guarantors agree to file a registration statement with the Securities Exchange Commission (the "COMMISSION") registering the resale of the Offered Securities and the Underlying Shares, as hereinafter defined, under the Securities Act.

The Company and the Guarantors each hereby agrees with the several Purchasers as follows:

2. Representations and Warranties of the Company. The Company and the Guarantors each represents and warrants to, and agrees with, the several Purchasers that:

(a) An offering circular relating to the Offered Securities to be offered by the Purchasers has been prepared by the Company. Such offering circular (the "OFFERING CIRCULAR"), as supplemented as of the date of this Agreement, together with the documents incorporated by reference therein are hereinafter collectively referred to as the "OFFERING DOCUMENT". On the date of this Agreement, the Offering Document does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from the Offering Document based upon written information furnished to the Company by any Purchaser through Credit Suisse First Boston Corporation ("CSFBC") specifically for use therein, it being understood and agreed that the only such information is that

described as such in Section 7(b) hereof. The Company's Annual Report on Form 10-K most recently filed with the Commission and all subsequent reports (collectively, the "EXCHANGE ACT REPORTS") which have been filed by the Company with the Commission or sent to stockholders pursuant to the Securities Exchange Act of 1934 (the "EXCHANGE ACT"), when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

(b) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware , with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Document; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified would not individually or in the aggregate have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole ("MATERIAL ADVERSE EFFECT").

(c) Each subsidiary of the Company, including, without limitation, each of the Guarantors, has been duly incorporated and is an existing corporation or other entity in good standing under the laws of the jurisdiction of its formation, with power and authority (corporate or other) to own its properties and conduct its business as described in the Offering Document; and each subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification except to the extent that the failure to be so qualified would not individually or in the aggregate have a Material Adverse Effect; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable; and, except as otherwise disclosed in the Offering Document, the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects (other than liens and other encumbrances that will be permitted under the terms of the Indenture).

(d) The Indenture has been duly authorized by the Company and each Guarantor; the Offered Securities have been duly authorized; and when the Offered Securities are delivered and paid for pursuant to this Agreement on each Closing Date (as defined below), the Indenture will have been duly executed and delivered by the Company and each Guarantor, such Offered Securities will have been duly executed, authenticated, issued and delivered and will conform in all material respects to the description thereof contained in the Offering Document and the Indenture and such Offered Securities and the Guarantees will constitute valid and legally binding obligations of the Company and each of the Guarantors, respectively, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(e) When the Offered Securities are delivered and paid for pursuant to this Agreement on each Closing Date, such Offered Securities will be convertible into the shares ("UNDERLYING SHARES") of common stock ("COMMON STOCK") of the Company in accordance with the terms of the Indenture; the Underlying Shares initially issuable upon conversion of such Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully paid and nonassessable; the outstanding shares of common stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Offering Document; and the stockholders of the Company have no preemptive rights with respect to the Offered Securities or the Underlying Shares.

(f) Except as disclosed in the Offering Document, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the

Company or any Purchaser for a brokerage commission, finder's fee or other like payment in connection with the offer and sale of the Offered Securities.

(g) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the transactions contemplated herein or in the Indenture or the Registration Rights Agreement, except (i) such as will be obtained or made under the Securities Act, United States Securities Exchange Act of 1934 ("EXCHANGE ACT"), United States Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT") and the rules of The New York Stock Exchange, (ii) such as may be required under the blue sky laws of any state or the laws of any foreign jurisdiction in connection with the purchase and distribution of the Offered Securities by the Purchasers in the manner contemplated herein and in the Offering Document and the Registration Rights Agreement and (iii) such as may be required by the National Association of Securities Dealers, Inc.

(h) The execution, delivery and performance by the Company and each of the Guarantors of the Indenture, this Agreement and the Registration Rights Agreement, the execution, delivery and performance by the Company of the Offered Securities, the execution, delivery and performance by the Guarantors of the Guarantees, the compliance with the terms and provisions thereof and the issuance and sale of the Offered Securities will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any subsidiary of the Company or any of their material properties, or any material agreement or instrument to which the Company or any such subsidiary is a party or by which the Company or any such subsidiary is bound or to which any of the material properties of the Company or any such subsidiary is subject, or the charter or by-laws of the Company or any such subsidiary, and the Company has full power and authority to authorize, issue and sell the Offered Securities as contemplated by this Agreement .

(i) This Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors. The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors and constitutes a valid and legally binding obligation of the Company and each of the Guarantors, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and except as rights to indemnification and contribution may be limited under applicable law or public policy considerations.

(j) Except as disclosed in the Offering Document, the Company and its subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them, with such exceptions as would not reasonably be expected to have a Material Adverse Effect; and except as disclosed in the Offering Document, the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions that would have a Material Adverse Effect.

(k) The Company and its subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect.

(l) No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent that could be reasonably expected to have a Material Adverse Effect.

(m) The Company and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "INTELLECTUAL PROPERTY RIGHTS") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect.

(n) Except as disclosed in the Offering Document, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "ENVIRONMENTAL LAWS"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim.

(o) Except as disclosed in the Offering Document, there are no pending actions, suits or proceedings against or affecting the Company, any of its subsidiaries or any of their respective properties that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or would materially and adversely affect the ability of the Company or the Guarantors to perform their obligations under the Indenture, this Agreement or the Registration Rights Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings are threatened or, to the Company's knowledge, contemplated.

(p) The financial statements included in the Offering Document present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and, except as otherwise disclosed in the Offering Document, such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis; Arthur Andersen LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder.

(q) Except as disclosed in the Offering Document, since the date of the latest audited financial statements included in the Offering Document there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole, and, except as disclosed in or contemplated by the Offering Document, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(r) The Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act.

(s) Neither the Company nor any of the Guarantors is an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States Investment Company Act of 1940 (the "INVESTMENT COMPANY ACT"); and neither the Company nor any of the Guarantors is nor, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Offering Document, will be an "investment company" as defined in the Investment Company Act.

(t) No securities of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as the Offered Securities are listed on any national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

(u) Assuming the accuracy of the representations and warranties, and the performance of the covenants, of the Purchasers and the Company in Section 4, the offer and sale of the Offered Securities in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act by reason of Section 4(2) thereof; and until such time as the Shelf Registration Statement is filed with the Commission, it is not necessary to qualify an indenture in respect of the Offered Securities under the Trust Indenture Act.

(v) Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf (i) has, within the six-month period prior to the date hereof, offered or sold in the United States or to any U.S. person (as such terms are defined in Regulation S under the Securities Act) the Offered Securities or any security of the same class or series (as defined in Rule 144A under the Securities Act) as the Offered Securities or (ii) has offered or will offer or sell the Offered Securities (A) in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act or (B) with respect to any such securities sold in reliance on Rule 903 of Regulation S ("REGULATION S") under the Securities Act, by means of any directed selling efforts within the meaning of Rule 902(c) of Regulation S. The Company, its affiliates and any person acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. The Company has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except for this Agreement.

3. Purchase, Sale and Delivery of Offered Securities. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to sell to the Purchasers, and the Purchasers agree, severally and not jointly, to purchase from the Company, at a purchase price of $382.26 per $1,000 principal amount at maturity thereof plus accreted original issue interest from February 20, 2002 to the First Closing Date (as hereinafter defined) of the Firm Securities set forth opposite the names of the several Purchasers in Schedule A hereto.

The Company will deliver against payment of the purchase price the Firm Securities in the form of one or more permanent global Securities in definitive form (the "FIRM GLOBAL SECURITIES") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent global Securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Offering Document. Payment for the Firm Securities shall be made by the Purchasers in Federal (same day) funds by wire transfer to an account at a bank specified by the Company and acceptable to CSFBC to the order of the Company at the office of Simpson Thacher & Bartlett, New York, New York at 9:00 A.M. (New York time), on February 20, 2002, or at such other time not later than seven full business days thereafter as CSFBC and the Company determine, such time being herein referred to as the "FIRST CLOSING Date", against delivery to the Trustee as custodian for DTC of the Firm Global Securities representing all of the Firm Securities. The Firm Global Securities will be made available for checking at the above office of Simpson Thacher & Bartlett at least 24 hours prior to the First Closing Date.

In addition, upon written notice from CSFBC given to the Company from time to time not more than 30 days subsequent to the date of this Agreement, the Purchasers may purchase all or less than all of the Optional Securities at the purchase price per principal amount at maturity of Offered Securities (including any accreted original issue discount thereon to the related Optional Closing Date) to be paid for the Firm Securities. The Company agrees to sell to the Purchasers the principal amount at maturity of Optional Securities specified in such notice and the Purchasers agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased from the Company for the account of each Purchaser in the same proportion as the principal amount at maturity of Firm Securities set forth opposite such Purchaser's name in Schedule A hereto bears to the total principal amount at maturity of Firm Securities (subject to adjustment by CSFBC to eliminate fractions). No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities

or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by CSFBC to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as the "OPTIONAL CLOSING DATE", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "CLOSING DATE"), shall be determined by CSFBC on behalf of the several Purchasers but shall not be later than seven full business days after written notice of election to purchase Optional Securities is given.

The Company will deliver against payment of the purchase price the Optional Securities being purchased on each Optional Closing Date in the form of one or more permanent global Securities in definitive form (each, an "OPTIONAL GLOBAL SECURITY") deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. Payment for such Optional Securities shall be made by the Purchasers in Federal (same day) funds by wire transfer to an account at a bank specified by the Company and acceptable to CSFBC drawn to the order of the Company at the office of Simpson Thacher & Bartlett, New York, New York, against delivery to the Trustee as custodian for DTC of the Optional Global Securities representing all of the Optional Securities being purchased on such Optional Closing Date.

4. Representations by Purchasers; Resale by Purchasers. Each Purchaser severally represents and warrants to the Company that it is an "accredited investor" within the meaning of Regulation D under the Securities Act.

(a) Each Purchaser severally acknowledges that the Offered Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each Purchaser severally represents and agrees that it has offered and sold the Offered Securities, and will offer and sell the Offered Securities, only in accordance with Rule 903 or Rule 144A under the Securities Act ("RULE 144A"). Accordingly, neither such Purchaser nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts with respect to the Offered Securities, and such Purchaser, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S and Rule 144A. Each Purchaser agrees that hedging transactions involving the Offered Securities may not be conducted unless in compliance with the Securities Act. Terms used in this subsection (a) have the meanings given to them by Regulation S.

(b) Each Purchaser severally agrees that it and each of its affiliates has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except for any such arrangements with the other Purchasers or affiliates of the other Purchasers or with the prior written consent of the Company.

(c) Each Purchaser severally agrees that it and each of its affiliates will not offer or sell the Offered Securities in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act, including, but not limited to (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Each Purchaser severally agrees, with respect to resales made in reliance on Rule 144A of any of the Offered Securities, to deliver either with the confirmation of such resale or otherwise prior to settlement of such resale a notice to the effect that the resale of such Offered Securities has been made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

(d) Each of the Purchasers severally represents and agrees that (i) it has not offered or sold and prior to the date six months after the date of issue of the Offered Securities will not offer or sell any Offered Securities to persons in the United Kingdom except to persons whose ordinary activities

involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) with received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to Lear and the Guarantors; and (iii) it has complied and will comply with all applicable provisions of the FSMA respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

5. Certain Agreements of the Company and the Guarantors. The Company and each of the Guarantors agree with the several Purchasers that:

(a) The Company will advise CSFBC promptly of any proposal to amend or supplement the Offering Document and will not effect such amendment or supplementation without CSFBC's consent, which consent will not be unreasonably withheld or delayed. If, at any time prior to the completion of the resale of the Offered Securities by the Purchasers, any event occurs as a result of which the Offering Document as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Company promptly will notify CSFBC of such event (whereupon the Purchasers shall promptly cease using the Offering Document) and promptly will prepare, at its own expense, an amendment or supplement which will correct such statement or omission. Neither CSFBC's consent to, nor the Purchasers' delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(b) The Company will furnish to CSFBC copies of the Offering Document and all amendments and supplements to such documents, in each case as soon as available and in such quantities as CSFBC requests, and the Company will furnish to CSFBC on the date hereof one copy of the Offering Circular signed by a duly authorized officer of the Company. At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, the Company will promptly furnish or cause to be furnished to CSFBC (and, upon request, to each of the other Purchasers) and, upon request of holders and prospective purchasers of the Offered Securities, to such holders and purchasers, copies of the information required to be delivered to holders and prospective purchasers of the Offered Securities pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) in order to permit compliance with Rule 144A in connection with resales by such holders of the Offered Securities. The Company will pay the expenses of printing and distributing to the Purchasers all such documents.

(c) The Company will arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions in the United States and Canada as CSFBC designates and will continue such qualifications in effect so long as required for the resale of the Offered Securities by the Purchasers, provided that the Company will not be required to qualify as a foreign corporation or to file a general consent to service of process in any such state or subject itself to taxation in any jurisdiction where it is not now so subject.

(d) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, the Company will, upon request, furnish to CSFBC, each of the other Purchasers and any holder of Offered Securities a copy of the restrictions on transfer applicable to the Offered Securities.

(e) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, the Company will not, and will not permit any of its affiliates (as defined in

Rule 144 under the Securities Act) to, resell any of the Offered Securities that have been reacquired by any of them.

(f) During the period of two years after the later of the First Closing Date and the last Optional Closing Date, neither the Company nor any Guarantor will be or become, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act.

(g) The Company and the Guarantors will pay all expenses incidental to the performance of its obligations under this Agreement, the Indenture and the Registration Rights Agreement including (i) the fees and expenses of the Trustee and its professional advisers; (ii) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Offered Securities and, as applicable, the Underlying Shares, the preparation and printing of this Agreement, the Registration Rights Agreement, the Indenture, the Offered Securities, the Offering Document and amendments and supplements thereto, and any other document relating to the issuance, offer, sale and delivery of the Offered Securities and as applicable, the Exchange Securities; (iii) the cost of qualifying the Offered Securities for trading in The Portal(SM) Market ("PORTAL") and any expenses incidental thereto; (iv) for any expenses (including fees and disbursements of counsel) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions in the United States and Canada as CSFBC designates and the printing of memoranda relating thereto, (v) for any fees charged by investment rating agencies for the rating of the Offered Securities, (vi) for all fees and expenses incurred in relation to the listing of the Underlying Shares on the New York Stock Exchange, (vii) for the fees and expenses of their legal counsel and accountants and (viii) for expenses incurred in distributing the Offering Document (including any amendments and supplements thereto) to the Purchasers. The Company will also pay or reimburse the Purchasers (to the extent incurred by them) for all expenses of the Purchasers and the Company in connection with preparation and distribution of an Internet road show presentation.

(h) In connection with the offering, until CSFBC shall have notified the Company and the other Purchasers of the completion of the resale of the Offered Securities, neither the Company nor any of its affiliates has or will, either alone or with one or more other persons, bid for or purchase for any account in which it or any of its affiliates has a beneficial interest any Offered Securities or attempt to induce any person to purchase any Offered Securities; and neither it nor any of its affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Offered Securities.

(i) For a period of 60 days after the date hereof, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any United States dollar-denominated debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue, any shares of Common Stock of the Company or securities convertible into or exchangeable or exercisable for shares of Common Stock of the Company or warrants or other rights to purchase shares of Common Stock of the Company, or publicly disclose the intention to make any such offer, sale, pledge or disposition, without the prior written consent of CSFBC, except (i) grants of employee stock options pursuant to the terms of a plan in effect on the date hereof, (ii) issuances of Offered Securities or Common Stock pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date hereof, (iii) issuances of Common Stock pursuant to the Company's dividend reinvestment plan, (iv) issuances of Common Stock (including restricted Common Stock) or stock options in relation to the Company's compensation or benefits plans in effect on the date hereof, and (v) incurrence of indebtedness pursuant to the Company's Primary Credit Facilities (as defined in the Offering Document). The Company will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances where such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbor of Regulation S thereunder to cease to be applicable to the offer and sale of the Offered Securities.

6. Conditions of the Obligations of the Purchasers. The obligations of the several purchasers to purchase and pay for the Offered Firm Securities on the First Closing Date and for the Optional Securities on each Optional Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of officers of the Company made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) The Purchasers shall have received a letter, dated the date of this Agreement, of Arthur Andersen LLP in agreed form confirming that they are independent public accountants within the meaning of the Securities Act and the applicable published rules and regulations thereunder ("RULES AND REGULATIONS") and to the effect that:

(i) in their opinion the financial statements examined by them and incorporated by reference in the Offering Document and in the Exchange Act Reports comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on the unaudited financial information incorporated by reference in the Offering Document and in the Exchange Act Reports;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial information of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial information and summary of earnings incorporated by reference in Offering Document or in the Exchange Act Reports do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations or any material modifications should be made to unaudited financial statements for them to be in conformity with generally accepted accounting principles;

(B) the unaudited consolidated net sales, net income and income before extraordinary items and net income per share amounts for the 9-month periods ended September 29, 2001 and September 30, 2000 incorporated by reference in the Offering Document do not agree with the amounts set forth in the unaudited consolidated financial information for those same periods or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of this Agreement, there was any change in the capital stock or any increase in long-term debt of the Company and its consolidated subsidiaries or, at the date of the latest available balance sheet read by such accountants, there was any decrease in consolidated net current assets or net assets, as compared with amounts shown on the latest balance sheet included or incorporated by reference in the Offering Document or the Exchange Act Reports; or

(D) for the period from the closing date of the latest income statement incorporated by reference in the Offering Document or the Exchange Act Reports to the closing date of the latest available income statement read by such

accountants there were any material decreases, as compared with the corresponding period of the previous year, in consolidated net sales, total or per share amounts of consolidated income before extraordinary items and net income;

except in all cases set forth in clauses (B), (C) and (D) above for changes, increases or decreases which the Offering Document and Exchange Act Reports disclose have occurred or may occur or which are described in such letter; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Offering Document and the Exchange Act Reports (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

(b) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as one enterprise which, in the judgment of a majority in interest of the Purchasers, including CSFBC, is material and adverse and makes it impractical or inadvisable to proceed with completion of the offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating) or any announcement that the Company has been placed on negative outlook; (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of a majority in interest of the Purchasers including CSFBC, be likely to prejudice materially the success of the proposed issue, sale or distribution of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market, (iv) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (v) any banking moratorium declared by U.S. Federal or, New York authorities; (vi) any major disruption of settlements of securities or clearance services in the United States or (vii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of a majority in interest of the Purchasers including CSFBC, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale of and payment for the Offered Securities.

(c) The Purchasers shall have received an opinion, dated such Closing Date, of Winston & Strawn, counsel for the Company, that (subject to customary qualifications and exceptions):

(i) The Company and each of the Guarantors organized in Delaware (the "DELAWARE GUARANTORS") is a business entity duly incorporated or formed, as applicable, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and in good standing as a foreign corporation, foreign limited liability company or foreign limited partnership, as applicable, in each other jurisdiction in

which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole; the Company and each of the Delaware Guarantors has all corporate, limited liability company or partnership power, as applicable, and authority necessary to own or hold its properties and to conduct the business in which it is engaged as described in the Offering Circular;

(ii) The Purchase Agreement has been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, executed and delivered by the Company and each of the Delaware Guarantors;

(iii) The Registration Rights Agreement has been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, executed and delivered by the Company and each of the Delaware Guarantors and constitutes a legal, valid and binding agreement, enforceable against the Company and each of the Delaware Guarantors in accordance with its terms;

(iv) The Indenture has been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, executed and delivered by the Company and each of the Delaware Guarantors and constitutes a legal, valid and binding agreement, enforceable against the Company and each of the Delaware Guarantors in accordance with its terms;

(v) The Offered Securities have been duly authorized by all necessary corporate action and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement, will be valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms;

(vi) The Underlying Shares initially issuable upon the conversion of the Offered Securities in accordance with the terms of the Indenture have been duly authorized by all necessary corporate action and reserved for issuance upon such conversion and, when issued upon conversion of the Offered Securities in accordance with the terms of the Indenture and the Offered Securities, will be validly issued, fully paid and non-assessable and, to such counsel's knowledge, stockholders of the Company have no preemptive rights with respect to the Offered Securities or the Underlying Shares;

(vii) The Guarantees have been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, by each of the Delaware Guarantors and, when the Offered Securities are authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement, will be valid and legally binding obligations of the Delaware Guarantors, enforceable against the Delaware Guarantors in accordance with their terms;

(viii) The statements made in the Offering Circular under the captions "Description of Other Material Indebtedness," "Description of the Notes" and "Description of Capital Stock," insofar as such statements purport to constitute summaries of the legal matters or the terms of certain documents referred to therein, fairly present the information with respect to such legal matters and terms of such documents and fairly summarize the matters referred to therein in all material respects;

(ix) The statements made in the Offering Circular under the caption "Certain United States Federal Income Tax Considerations," insofar as such statements purport to

constitute a summary of the United States federal tax laws referred to therein, are accurate and present a fair summary of the material United States federal tax laws referred to therein;

(x) Neither the Company nor any of the Guarantors is and, immediately after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Offering Circular, will be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(xi) Assuming the accuracy of the representations and warranties, and the performance of the covenants, of the Company and the Purchasers contained in this Agreement, no registration under the Securities Act of the Offered Securities is required in connection with the sale of the Offered Securities to the Initial Purchasers as contemplated by the Purchase Agreement and the Offering Circular or in connection with the initial resale of the Offered Securities by the Initial Purchasers in the manner contemplated by the Purchase Agreement and the Offering Circular, and, prior to the effectiveness of the Shelf Registration Statement (as defined in the Registration Rights Agreement), and the Indenture is not required to be qualified under the Trust Indenture Act.

In addition, such counsel shall state that they have participated in conferences with officers and other representatives of the Company, representatives of the independent public or certified public accountants for the Company and with representatives of CSFBC at which the contents of the Offering Document and related matters were discussed and, although they are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Document (except as set forth in paragraphs (viii) and (ix) above), on the basis of the foregoing, nothing has come to their attention which caused them to believe that the Offering Document (including the Exchange Act Reports incorporated by reference therein) as of its date and at such Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel will express no belief as to the financial statements or other financial data included or incorporated by reference in or omitted from the Offering Document).

(d) The Purchasers shall have received an opinion, dated such Closing Date, of Joseph McCarthy, general counsel of the Company, that (subject to customary qualifications and exceptions):

(i) Lear Corporation Automotive Systems (the "OHIO GUARANTOR") is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio and is duly qualified to do business and in good standing as a foreign corporation in each other jurisdiction in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole; the Ohio Guarantor has all corporate power and authority necessary to own or hold its properties and to conduct the business in which it is engaged as described in the Offering Circular;

(ii) The Purchase Agreement has been duly authorized, executed and delivered by the Ohio Guarantor;

(iii) The Registration Rights Agreement has been duly authorized, executed and delivered by the Ohio Guarantor and constitutes a legal, valid and binding agreement, enforceable against the Ohio Guarantor in accordance with its terms;

(iv) The Indenture has been duly authorized, executed and delivered the Ohio Guarantor and constitutes a legal, valid and binding agreement, enforceable against the Ohio Guarantor in accordance with its terms;

(v) All of the issued and outstanding capital stock of each of the Guarantors organized in the United States (the "U.S. GUARANTORS") has been duly authorized and validly issued and is fully paid and nonassessable; except as otherwise disclosed in the Offering Circular, the capital stock of each of the U.S. Guarantors is owned, directly or through subsidiaries, by the Company, free and clear of all liens, encumbrances and defects, except for those liens and encumbrances permitted under the terms of the Indenture;

(vi) The execution, delivery and performance of the Company and each of the U.S. Guarantors of its obligations under the Purchase Agreement, the Registration Rights Agreement, the Indenture, the Offered Securities (in the case of the Company) and the Guarantees (in the case of each of the U.S. Guarantors) and the issuance and sale of the Offered Securities and Underlying Shares and compliance with the terms and provisions thereof, will not (a) to the best of such counsel's knowledge, violate or result in a breach in any material respect of any of the terms or provisions of any agreement or other instrument to which the Company or any of its subsidiaries is a party that is material to the Company and its subsidiaries, taken as a whole, (b) violate or result in a breach of any term of the Certificate of Incorporation, Certificate of Formation or Certificate of Limited Partnership, as applicable, of the Company or any of the U.S. Guarantors, each as currently in effect, (c) violate the By-laws of the Company or any of the U.S. Guarantors that is a corporation, each as currently in effect, the Operating Agreement of Lear Technologies, as currently in effect, the Limited Partnership Agreement of Lear Midwest, as currently in effect or (d) violate or contravene any applicable law or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any of the U.S. Guarantors;

(vii) The Company has full power and authority to authorize, issue and sell the Offered Securities and Underlying Shares as contemplated by this Agreement

(viii) No consent, approval, authorization or order of, or filing with, any governmental body or agency or any court is required for the performance by the Company under the Purchase Agreement and the Registration Rights Agreement in connection with the issuance or sale of the Offered Securities (except such filings, consents, authorizations, permits, orders and other matters which may be required under (a) the Exchange Act and applicable "blue sky" or state securities laws or the laws of any country other than the United States in connection with the offer and sale of the Offered Securities, (b) Federal and state securities laws with respect to the obligations of the Company under the Registration Rights Agreement, or (c) the rules and regulations of the National Association of Securities Dealers, Inc., as to which no opinion need be expressed).

(ix) There is no legal or governmental proceeding pending or, to the best knowledge of such counsel, after due inquiry, threatened to which the Company or any of its subsidiaries is a party, or to which any of their respective properties are subject, other than proceedings which such counsel believes would not reasonably be expected to have a material adverse effect upon the Company and its subsidiaries, taken as a whole; and

(x) The Guarantee of the Ohio Guarantor has been duly authorized by all necessary corporation action by the Ohio Guarantor and, when the Offered Securities are authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Purchasers in accordance with the terms of the Purchase Agreement, the Guarantee will be a valid and legally binding obligation of the Ohio Guarantor, enforceable against the Ohio Guarantor in accordance with its terms.

(e) The Purchasers shall have received an opinion, dated such Closing Date, of Baker & McKenzie, S.C., counsel for Lear Corporation Mexico S.A. de C.V., and of Garrigues & Andersen,

counsel for Lear Automotive (EEDS) Spain S.L., that (subject to customary qualifications and exceptions):

(i) The relevant Guarantor has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as presently conducted;

(ii) This Agreement, the Indenture and the Registration Rights Agreement have been duly authorized, executed and delivered by the relevant Guarantor; the Guarantees delivered on such Closing Date have been duly authorized, executed, authenticated, issued and delivered; and the Indenture, the Registration Rights Agreement, and the Guarantees delivered on such Closing Date constitute valid and legally binding obligations of such Guarantor enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement and the Registration Rights Agreement in connection with the issuance and sale of the Offered Securities by the Company and the issuance of the Guarantees by the relevant Guarantor, except such as may be required under state securities laws except for the order of the Commission declaring the Shelf Registration Statement effective; and

(iv) The execution, delivery and performance of the Indenture, this Agreement and the Registration Rights Agreement by the relevant Guarantor, and the issuance and sale of the Offered Securities and Underlying Shares and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court having jurisdiction over such Guarantor or any of its subsidiaries or any of its properties, or any agreement or instrument to which such Guarantor or any such of its subsidiaries is a party or by which such Guarantor or any of its subsidiaries is bound or to which any of the properties of the Company or any such subsidiary is subject, or the charter or by-laws of such Guarantor or any of its subsidiaries, and such Guarantor has full power and authority to authorize, issue and sell the Guarantees as contemplated by this Agreement.

(f) The Purchasers shall have received from Simpson Thacher & Bartlett, counsel for the Purchasers, such opinion or opinions, dated such Closing Date, with respect to the incorporation of the Company, the validity of the Offered Securities, the Offering Circular, the exemption from registration for the offer and sale of the Offered Securities by the Company to the several Purchasers and the resales by the several Purchasers as contemplated hereby and other related matters as CSFBC may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) The Purchasers shall have received a certificate, dated such Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date, and that, subsequent to the respective dates of the most recent financial statements in the Offering Document (including the Exchange Act Reports incorporated by reference therein) there has been no material adverse change, nor any development or

event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Offering Document or as described in such certificate.

(f) The Purchasers shall have received a letter, dated such Closing Date, of Arthur Andersen LLP which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three days prior to such Closing Date for the purposes of this subsection.

(g) The Underlying Shares shall have been accepted for listing on the New York Stock Exchange, subject to notice of issuance.

(h) On or prior to the Closing Date, the Purchasers shall have received lockup letters in agreed form from each of the executive officers and directors of the Company.

(i) The Purchasers and their counsel shall have received such other documents and certifications as they may reasonably request.

Documents described as being "in the agreed form" are documents which are in the forms which have been initialed for the purpose of identification by Simpson Thacher & Bartlett, copies of which are held by the Company and CSFBC, with such changes as CSFBC may approve.

The Company will furnish the Purchasers with such conformed copies of such opinions, certificates, letters and documents as the Purchasers reasonably request. CSFBC may in its sole discretion waive on behalf of the Purchasers compliance with any conditions to the obligations of the Purchasers hereunder, whether in respect of an Optional Closing Date or otherwise.

7. Indemnification and Contribution. (a) Each of the Company and the Guarantors jointly and severally will indemnify and hold harmless each Purchaser, its partners, directors and officers and each person, if any, who controls such Purchaser within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such Purchaser may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, including any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement, and will reimburse each Purchaser for any legal or other expenses reasonably incurred by such Purchaser in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that neither the Company nor the Guarantors will be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Purchaser through CSFBC specifically for use therein, it being understood and agreed that the only such information consists of the information described as such in subsection (b) below.

(b) The Purchasers will severally and not jointly indemnify and hold harmless the Company and the Guarantors, their directors and officers and each person, if any, who controls the Company or the Guarantors within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities to which the Company or any Guarantor may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged

omission was made in reliance upon and in conformity with written information furnished to the Company by such Purchaser through CSFBC specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Purchaser consists of (i) the following information in the Offering Document: the third paragraph under the caption "Plan of Distribution"; provided, however, that the Purchasers shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes (i) an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Purchasers on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors on the one hand and the Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors on the one hand and the Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Purchasers from the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors or the Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities purchased by it were resold exceeds the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Purchasers' obligations in this subsection (d) to contribute are several in proportion to their respective purchase obligations and not joint.

(e) The obligations of the Company and the Guarantors under this Section shall be in addition to any liability which the Company and the Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Purchaser within the meaning of the Securities Act or the Exchange Act; and the obligations of the Purchasers under this Section shall be in addition to any liability which the respective Purchasers may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Company and each Guarantor within the meaning of the Securities Act or the Exchange Act.

8. Default of Purchasers. If any Purchaser or Purchasers default in their obligations to purchase Offered Securities hereunder on either the First Closing Date or any Optional Closing Date and the aggregate principal amount at maturity of Offered Securities that such defaulting Purchaser or Purchasers agreed but failed to purchase does not exceed 10% of the total principal amount Offered Securities that the Purchasers are obligated to purchase on such Closing Date, CSFBC may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Purchasers, but if no such arrangements are made by such Closing Date, the non-defaulting Purchasers shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Purchasers agreed but failed to purchase on such Closing Date. If any Purchaser or Purchasers so default and the aggregate principal amount at maturity of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount of Offered Securities that the Purchasers are obligated to purchase on such Closing Date and arrangements satisfactory to CSFBC and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Purchaser or the Company, except as provided in Section 9 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement shall not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Purchaser" includes any person substituted for a Purchaser under this Section. Nothing herein will relieve a defaulting Purchaser from liability for its default.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Company and the Guarantors or their officers and of the several Purchasers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Purchaser, the Company, the Guarantors or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If this Agreement is terminated pursuant to Section 8 or if for any reason the purchase of the Offered Securities by the Purchasers is not consummated, the Company and the Guarantors shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company, the Guarantors and the Purchasers pursuant to Section 7 shall remain in effect and if any Offered Securities have been purchased hereunder the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect. If the purchase of the Offered Securities by the Purchasers is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 8 or the occurrence of any event specified in clause (iii), (iv), (v), (vi) or (vii) of Section 6(b), the Company and the Guarantors will reimburse the Purchasers for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

10. Notices. All communications hereunder will be in writing and, if sent to the Purchasers will be mailed, delivered or telegraphed and confirmed to the Purchasers, c/o Credit Suisse First Boston Corporation, Eleven Madison Avenue, New York, N.Y. 10010-3629, Attention: Transactions Advisory Group, with a copy, which shall not constitute notice of the Purchasers, to Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, NY 10017 Attention: John D. Lobrano, or, if sent to the Company or the Guarantors, will be mailed, delivered or telegraphed and confirmed to it at Lear Corporation, 21557 Telegraph Road, Southfield, MI 48034, Attention: David Wajsgras, with a copy, which shall not constitute notice to the Company or the Guarantors, to Winston & Strawn, 200 Park Avenue, New York, NY 10166 Attention: Daniel Ninivaggi; provided, however, that any notice to a Purchaser pursuant to Section 7 will be mailed, delivered or telegraphed and confirmed to such Purchaser.

11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder, except that holders of Offered Securities shall be entitled to enforce the agreements for their benefit contained in the second and third sentences of Section 5(b) hereof against the Company as if such holders were parties thereto.

12. Representation of Purchasers. You will act for the several Purchasers in connection with this purchase, and any action under this Agreement taken by you will be binding upon all the Purchasers.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

14. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. The Company and each of the Guarantors hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

If the foregoing is in accordance with the Purchasers' understanding of our agreement, kindly sign and return to us one of the counterparts hereof, whereupon it will become a binding agreement among the Company, the Guarantors and the several Purchasers in accordance with its terms.

Very truly yours,

LEAR CORPORATION

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

LEAR OPERATIONS CORPORATION

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR SEATING HOLDINGS CORP. #50

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR TECHNOLOGIES, LLC

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

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNERSHIP

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

LEAR CORPORATION MEXICO, S.A. DE C.V.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

The foregoing Purchase Agreement
is hereby confirmed and accepted
as of the date first above written.

CREDIT SUISSE FIRST BOSTON CORPORATION

By: /s/

Title

Acting on behalf of itself
and as the Representative
of the several Purchasers

SCHEDULE A

MANAGER	PRINCIPAL AMOUNT AT MATURITY OF FIRM SECURITIES
Credit Suisse First Boston Corporation	$412,000,000
J.P. Morgan Securities Inc	51,500,000
Lehman Brothers Inc	51,500,000
Total	$515,000,000

SCHEDULE B

Guarantors

Name	Jurisdiction of Organization
Lear Operations Corporation	Delaware
Lear Corporation Automotive Holdings	Delaware
Lear Seating Holdings Corp. #50	Delaware
Lear Corporation EEDS and Interiors	Delaware
Lear Corporation Automotive Systems	Ohio
Lear Technologies, LLC	Delaware
Lear Midwest Automotive, Limited Partnership	Delaware
Lear Automotive (EEDS) Spain S.L.	Spain
Lear Corporation Mexico, S.A. de C.V.	Mexico

EXHIBIT 10.29

$515,000,000

LEAR CORPORATION

ZERO-COUPON CONVERTIBLE SENIOR NOTES DUE 2022

REGISTRATION RIGHTS AGREEMENT

February 14, 2002

Credit Suisse First Boston Corporation,
As Representative of the Several Initial Purchasers,
Eleven Madison Avenue
New York, New York 10010-3629

Ladies and Gentlemen:

Lear Corporation, a Delaware corporation (the "ISSUER"), proposes to issue and sell to Credit Suisse First Boston Corporation, Lehman Brothers Inc. and J.P. Morgan Securities Inc. (the "INITIAL PURCHASERS"), upon the terms set forth in a purchase agreement of even date herewith (the "PURCHASE AGREEMENT"), up to $640,000,000 aggregate principal amount at maturity of its Zero-Coupon Convertible Senior Notes due 2022 (the "INITIAL SECURITIES") to be guaranteed (the "GUARANTEES") by the Guarantors listed on the signature page of this Agreement (the "GUARANTORS" and, collectively with the Issuer, the "COMPANY"). The Initial Securities will be convertible into shares of common stock, par value $0.01 per share, of the Issuer (the "COMMON STOCK") at the conversion price set forth in the Offering Circular dated February 14, 2002. The Initial Securities will be issued pursuant to an Indenture, dated as of February 20, 2002 (the "INDENTURE"), among the Issuer, the Guarantors named therein and The Bank of New York, as trustee (the "TRUSTEE"). As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the Company agrees with the Initial Purchasers, for the benefit of (i) the Initial Purchasers and (ii) the holders of the Initial Securities and the Common Stock issuable upon conversion or otherwise in respect of the Initial Securities (collectively, the "SECURITIES") from time to time until such time as such Securities have been sold pursuant to a Shelf Registration Statement (as defined below) (each of the forgoing a "HOLDER" and collectively the "HOLDERS"), as follows:

1. Shelf Registration. (a) The Company shall, at its cost, prepare and, as promptly as reasonably practicable (but in no event more than 60 days after so required or requested pursuant to this Section 1) file with the Securities and Exchange Commission (the "COMMISSION") and thereafter use its reasonable best efforts to cause to be declared effective as soon as practicable a registration statement on Form S-3 (the "SHELF REGISTRATION STATEMENT" relating to the offer and sale of the Transfer Restricted Securities (as defined in Section 5 hereof) by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act of 1933, as amended (the "SECURITIES ACT") (hereinafter, the "SHELF REGISTRATION"); provided, however, that no Holder (other than an Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Company shall use its best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus included therein (the "PROSPECTUS") to be lawfully delivered by the Holders of the relevant Securities, for a period of two years (or for such longer period if extended pursuant to Section 2(h) below) from the date of its effectiveness or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto or (ii) have been distributed to the public pursuant to Rule 144 under the Securities Act or any successor provision or are saleable by persons who are not affiliates of the Company pursuant to Rule 144(k) under the Securities Act, or any successor provision, or (iii) cease to be outstanding (in any such case, such period being called the "Shelf REGISTRATION PERIOD"). The Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless such action is (i) required by applicable law or (ii) taken by the Company in good faith and contemplated by Section 2(b) below, and the Company thereafter complies with the requirements of Section 2(h).

(c) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall cause the Shelf Registration Statement and the Prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Each Holder of Transfer Restricted Securities agrees that if such Holder wishes to sell Transfer Restricted Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so only in accordance with this Section 1(d) and Section 2(b). Each Holder of Transfer Restricted Securities wishing to sell Transfer Restricted Securities pursuant to a Shelf Registration Statement and related Prospectus agrees to deliver a written notice, substantially in the form of Annex A to the Offering Circular (a "NOTICE and QUESTIONNAIRE") to the Company at least ten (10) Business Days (a "BUSINESS DAY" meaning each day that is not a legal holiday) prior to any intended distribution of Transfer Restricted Securities under the Shelf Registration Statement (each such Holder delivering the Notice and Questionnaire, a "NOTICE HOLDER"). From and after the date the Shelf Registration Statement is declared effective, the Company shall, as promptly as reasonably practicable after the date of receipt of a Notice and Questionnaire (i) if required by applicable law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related prospectus or a supplement or amendment to any document incorporated therein by reference or file any other document required under the Securities Act so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Transfer Restricted Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use reasonable best efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable, but in any event by the date (the "AMENDMENT EFFECTIVENESS DEADLINE DATE") that is the later of (x) forty-five (45) Business Days after the date such post-effective amendment is required by this clause to be filed and (y) ten (10) Business Days after the conclusion of any Deferred Period existing during the period referred to in the foregoing clause (x); (ii) provide such Holder copies of any documents filed pursuant to Section 1(d)(i); and (iii) notify such Holder as promptly as practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 1(d)(i); provided that if such Notice and Questionnaire is delivered during a Deferral Period, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period in accordance with Section 2(b). Any Holder who, subsequent to the date the Registration Statement is declared effective, provides a Notice and Questionnaire required by this

Section 1(d) pursuant to the provisions of this Section (whether or not such Holder has supplied the Notice and Questionnaire at the time the Shelf Registration Statement was declared effective) shall be named as a selling securityholder in the Shelf Registration Statement and related Prospectus in accordance with the requirements of this Section 1(d).

2. Registration Procedures. In connection with the Shelf Registration contemplated by Section 1 hereof, the following provisions shall apply:

(a) The Company shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Shelf Registration Statement and each amendment thereof and each supplement, if any, to the Prospectus included therein and, in the event that an Initial Purchaser (with respect to any portion of an unsold allotment from the original offering) is participating in the Shelf Registration Statement, shall use its reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as such Initial Purchaser reasonably may propose; and (ii) include the names of the Holders who propose to sell Securities pursuant to the Shelf Registration Statement as selling securityholders.

(b) Upon (A) the issuance by the SEC of a stop order suspending the effectiveness of a Shelf Registration Statement or the initiation of proceedings with respect to a Shelf Registration Statement under Section 8(d) or 8(e) of the Securities Act, (B) the occurrence of any event or the existence of any fact (a "MATERIAL EVENT") as a result of which any Registration Statement shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (C) the occurrence or existence of any pending corporate development, public filing with the SEC or other similar event with respect to the Company that, in the reasonable discretion of the Company, makes it appropriate to suspend the availability of a Shelf Registration Statement and the related Prospectus, (i) in the case of clause (B) above, subject to the next sentence, as promptly as practicable prepare and file, if necessary pursuant to applicable law, a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use reasonable efforts to cause it to be declared effective as promptly as is practicable, and (ii) give notice to the Initial Purchasers and the Holders that the availability of the Shelf Registration Statement is suspended (a "DEFERRAL NOTICE") and, upon receipt of any Deferral Notice, each Holder agrees not to sell any Transfer Restricted Securities pursuant to the Registration Statement until such Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (i) above, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company will use reasonable best efforts to ensure that the use of the Prospectus may be resumed (x) in the case of clause (A) above, as promptly as is practicable, (y) in the case of clause (B) above, as soon as, in the sole judgment of the Company, public disclosure of such Material Event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or expense, as soon as practicable thereafter and (z) in the case of clause (C) above, as soon as, in the discretion of the Company, such suspension is no longer appropriate. The Company shall be entitled to exercise its right under this Section 2(b) to suspend the availability of the Shelf Registration Statement or any Prospectus, without incurring or accruing any obligation to pay Additional

Interest pursuant to Section 6, for one or more periods not to exceed 45 days in any 90 day period and not to exceed, in the aggregate, 90 days in any 12-month period (such period, during which the availability of the Registration Statement and any Prospectus is suspended being a "DEFERRAL PERIOD").

(c) The Company shall make every reasonable effort to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Shelf Registration Statement.

(d) The Company shall furnish to each Notice Holder of Securities included within the coverage of the Shelf Registration, without charge, at least one copy of the Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Company shall, during the Shelf Registration Period, deliver to each Holder of Securities included within the coverage of the Shelf Registration, without charge, as many copies of the Prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such person may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the Prospectus or any amendment or supplement thereto by each of the Notice Holders of the Securities in connection with the offering and sale of the Securities covered by the Prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(f) Prior to any public offering of the Securities pursuant to the Shelf Registration Statement, the Company shall register or qualify or cooperate with the Notice Holders included therein and their respective counsel in connection with the registration or qualification of the Securities for offer and sale under the securities or "blue sky" laws of such states of the United States as any Notice Holder reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities covered by the Shelf Registration Statement; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action which would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(g) The Company shall cooperate with the Notice Holders to facilitate the timely preparation and delivery of certificates representing the Securities to be sold pursuant to any Shelf Registration Statement free of any restrictive legends and in such denominations and registered in such names as the Notice Holders may request a reasonable period of time prior to sales of the Securities pursuant to the Shelf Registration Statement.

(h) If the Company notifies the Initial Purchasers and the Holders in accordance with paragraph Section 2(b) above to suspend the use of the Prospectus until the requisite changes to the Prospectus have been made, then the Initial Purchasers and the Holders shall suspend use of such Prospectus, and the period of effectiveness of the Shelf Registration Statement provided for in Section 1(b) above shall be extended by the number of days from and including the date of the giving of such notice to and including the date when the Initial Purchasers and the Holders shall have received such amended or supplemented Prospectus pursuant to this Section 2(h).

(i) Not later than the effective date of the Shelf Registration Statement, the Company will provide CUSIP numbers for the Initial Securities and the Common Stock registered under the Shelf Registration Statement, and provide the Trustee with printed certificates for the Initial Securities, in a form eligible for deposit with The Depository Trust Company.

(j) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the Shelf Registration and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement

satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Shelf Registration Statement, which statement shall cover such 12-month period.

(k) The Company shall cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT"), in a timely manner and containing such changes, if any, as shall be necessary for such qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(l) The Company may require each Holder of Securities to be sold pursuant to the Shelf Registration Statement to furnish to the Company such information regarding the Holder and the distribution of the Securities as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement, and the Company may exclude from such registration in response to any Notice and Questionnaire delivered by a Holder the Securities of such Holder to the extent that such Holder fails to furnish such information within ten (10) Business Days after the Company makes such request. Each Holder delivering a Notice and Questionnaire agrees to advise the Company promptly in the event that any of the information contained in its Notice and Questionnaire ceases to be accurate or complete in all material respects.

(m) The Company shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other actions, if any, as any Holder shall reasonably request in order to facilitate the disposition of the Securities pursuant to the Shelf Registration.

(n) The Company shall (i) make reasonably available for inspection during normal business hours by the Holders, any underwriter participating in any disposition pursuant to the Shelf Registration Statement and any attorney, accountant or other agent retained by the Holders or any such underwriter, all relevant financial and other records, pertinent corporate documents and properties of the Company and (ii) cause the Company's officers, directors, employees, accountants and auditors to supply all relevant information reasonably requested by the Holders or any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as shall be reasonably necessary to enable such persons, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that the foregoing inspection and information gathering shall be coordinated on behalf of the Initial Purchasers by you and on behalf of the other parties, by one counsel designated by and on behalf of such other parties as described in Section 3 hereof.

(o) The Company, if requested by the managing underwriters of an underwritten offering of Securities covered by the Shelf Registration Statement, shall cause (i) its counsel to deliver an opinion and updates thereof relating to the Securities in customary form addressed to such Holders and the managing underwriters, if any, thereof, and dated, in the case of the initial opinion, the closing of the underwritten offering (it being agreed that the matters to be covered by such opinion shall include, without limitation but subject to customary qualifications and exceptions, the due incorporation and good standing of the Company and its material subsidiaries; the qualification of the Company and its material subsidiaries to transact business as foreign corporations; the due authorization, execution and delivery of the relevant agreement of the type referred to in Section 2(m) hereof; the due authorization, execution, authentication and issuance, and the validity and enforceability, of the Securities; the absence of material legal or governmental proceedings involving the Company and its subsidiaries; the absence of governmental approvals required to be obtained in connection with the Shelf Registration Statement, the offering and sale of the Securities, or any agreement of the type referred to in Section 2(m) hereof; the compliance as to form in all material respects of the Shelf Registration Statement and any documents incorporated by reference therein and of the Indenture with the requirements of the Securities Act and the Trust Indenture Act, respectively; and, as of the date of the opinion and as of the effective date of the Shelf Registration

Statement or most recent post-effective amendment thereto, as the case may be, the absence, to such counsel's awareness, from the Shelf Registration Statement and the Prospectus included therein, as then amended or supplemented, and from any documents incorporated by reference therein, of an untrue statement of a material fact or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any such documents, in the light of the circumstances existing at the time that such documents were filed with the Commission under the Exchange Act of 1934, as amended (the "EXCHANGE ACT")); (ii) its officers to execute and deliver all customary documents and certificates and updates thereof requested by any underwriters of the Securities and (iii) its independent public accountants and the independent public accountants with respect to any other entity for which financial information is provided in the Shelf Registration Statement to provide to the selling Holders of the applicable Securities and any underwriter therefor a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72. The obligations set forth in this paragraph (o) shall only be applicable in connection with underwritten offerings.

(p) In the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "RULES") of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company will provide reasonable assistance to such broker-dealer, at such broker-dealer's expense, in complying with the requirements of such Rules, including, without limitation, by (i) if such Rules, including Rule 2720, shall so require, engaging a "qualified independent underwriter" (as defined in Rule 2720) to participate in the preparation of the Shelf Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities, (ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (iii) providing such information to such broker-dealer as may be reasonably required in order for such broker-dealer to comply with the requirements of the Rules.

(q) The Company shall use its reasonable best efforts to take all other steps necessary to effect the registration of the Securities covered by the Shelf Registration Statement contemplated hereby.

3. Registration Expenses. (a) All expenses incident to the Company's performance of and compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement is ever filed or becomes effective, including without limitation;

(i) all registration and filing fees and expenses;

(ii) all fees and expenses of compliance with federal securities and state "blue sky" or securities laws;

(iii) all expenses of printing (including printing certificates for the Securities to be issued and printing of Prospectuses), messenger and delivery services and telephone;

(iv) all fees and disbursements of counsel for the Company;

(v) all application and filing fees in connection with listing the Securities on a national securities exchange or automated quotation system pursuant to the requirements hereof; and

(vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any person, including special experts, retained by the Company. Notwithstanding anything to the contrary contained herein, the Company shall have no liability for any underwriters discounts in connection with any underwritten offering or for any fees payable to the National Association of Securities Dealers Inc.

(b) In connection with the Shelf Registration Statement required by this Agreement, the Company will reimburse the Initial Purchasers and the Holders of Securities covered by the Shelf Registration Statement, for the reasonable fees and disbursements of not more than one counsel, who shall be Simpson Thacher & Bartlett unless another firm shall have been designated by the Holders of a majority in principal amount of the Transfer Restricted Securities then covered by the Shelf Registration Statement (provided that Holders of Common Stock issued upon the conversion of the Initial Securities shall be deemed to be Holders of the aggregate principal amount of Initial Securities from which such Common Stock was converted) to act as counsel for the Holders in connection therewith.

4. Indemnification. (a) Each of the Company and the Guarantors jointly and severally will indemnify and hold harmless each Holder and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act (each Holder, and such controlling persons are referred to collectively as the "INDEMNIFIED PARTIES") from and against any losses, claims, damages or liabilities, joint or several, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Securities) to which each Indemnified Party may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or Prospectus including any document incorporated by reference therein, or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof; provided, however, that (i) the Company and the Guarantors shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in the Shelf Registration Statement or Prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company or the Guarantors by or on behalf of such Holder specifically for inclusion therein and (ii) with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to the Shelf Registration Statement, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Holder from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities concerned, to the extent that a prospectus relating to such Securities was required to be delivered by such Holder under the Securities Act in connection with such purchase and any such loss, claim, damage or liability of such Holder results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Securities to such person, a copy of the final Prospectus if the Company and the Guarantors had previously furnished copies thereof to such Holder ; provided further, however, that this indemnity agreement will be in addition to any liability which the Company and the Guarantors may otherwise have to such Indemnified Party. Each of the Company and the Guarantors jointly and severally will also indemnify underwriters, their officers and directors and each person who controls such underwriters within the meaning of the Securities Act or the Exchange Act to the same extent as

provided above with respect to the indemnification of the Holders of the Securities if requested by such Holders.

(b) Each Holder, severally and not jointly, will indemnify and hold harmless the Company, the Guarantors, their officers and directors and each person, if any, who controls the Company or the Guarantors within the meaning of the Securities Act or the Exchange Act from and against any losses, claims, damages or liabilities or any actions in respect thereof, to which the Company or the Guarantors or any such controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or Prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to the Shelf Registration, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company or the Guarantors by or on behalf of such Holder specifically for inclusion therein; and, subject to the limitation set forth immediately preceding this clause, shall reimburse, as incurred, the Company and the Guarantors for any legal or other expenses reasonably incurred by the Company, the Guarantors or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability which such Holder may otherwise have to the Company, the Guarantors or any of their controlling persons.

(c) Promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any action or proceeding (including a governmental investigation), such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 4, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not be liable to such indemnified party under this Section 4 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action, and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 4 is unavailable or insufficient to hold harmless an indemnified party under subsections (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (a) or (b) above in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantors on the one hand or such

Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding any other provision of this Section 4(d), the Holders shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of the Securities pursuant to the Shelf Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company or the Guarantors within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company and the Guarantors.

(e) The agreements contained in this Section 4 shall survive the sale of the Securities pursuant to the Shelf Registration Statement and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

5. Additional Interest Under Certain Circumstances. (a) Additional interest (the "ADDITIONAL INTEREST") with respect to the affected Securities (but only for so long as they constitute Transfer Restricted Securities) shall be assessed as follows if any of the following events occur (each such event in clauses (i) through (iii) below being herein called a "REGISTRATION DEFAULT"):

(i) the Shelf Registration Statement has not been filed with the Commission by the 60th day after the first date of original issuance of the Initial Securities;

(ii) the Shelf Registration Statement has not been declared effective by the Commission by the 180th day after the first date of original issue of the Initial Securities;

(iii) the Company fails with respect to a Holder that supplies a properly completed Notice and Questionnaire to the Company to amend or supplement the Shelf Registration Statement in a timely manner in order to name such Holder as a selling securityholder; and

(iv) the Shelf Registration Statement is declared effective by the Commission but (A) the Shelf Registration Statement thereafter ceases to be effective or (B) the Shelf Registration Statement or the Prospectus ceases to be usable in connection with resales of Transfer Restricted Securities (as defined below) during the periods specified herein (other than pursuant to Section 1(d) hereof and other than during Deferral Periods) and (1) the Company fails to cure the Registration Default within ten (10) Business Days by a post-effective amendment or a report filed pursuant to the Exchange Act or (2) if applicable, the Deferral Period exceeds 45 days in any 90 day period or 90 days in any 12-month period, as the case may be.

Each of the foregoing will constitute a Registration Default whatever the reason for any such event and whether it is voluntary or involuntary or is beyond the control of the Company or pursuant to operation of law or as a result of any action or inaction by the Commission .

Additional Interest shall accrue daily on the affected Securities that constitute Transfer Restricted Securities over and above the interest set forth in the title of the Notes from and including the date on which any such Registration Default shall occur to, but excluding, the date on which all such Registration Defaults have

been cured, for the Notes at a rate of 0.50% per annum calculated on the basis of the accreted value of the Notes (the "ADDITIONAL INTEREST RATE") and, if applicable, on an equivalent basis per share of Common Stock issued in respect of the Notes (subject to adjustment in the case of stock splits, stock recombinations, stock dividends and the like), with the holders of such Common Stock being deemed to be holders of the aggregate principal amount of Initial Securities from which such Common Stock was converted. Except as set forth above, we will have no other liabilities for monetary damages with respect to a failure to perform our registration obligations.

(b) A Registration Default referred to in Section 5(a)(iii) hereof shall be deemed not to have occurred and be continuing in relation to the Shelf Registration Statement or the related Prospectus if (i) such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to the Shelf Registration Statement to incorporate financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to permit Holders to use the related Prospectus or (y) other material events, with respect to the Company that would need to be described in such Shelf Registration Statement or the related Prospectus and (ii) in the case of clause (y), the Company is proceeding promptly and in good faith to amend or supplement the Shelf Registration Statement and related Prospectus to describe such events as required by paragraph 2(b) hereof; provided, however, that in any case if such Registration Default occurs for a continuous period in excess of 30 days, Additional Interest shall be payable in accordance with the above paragraph from the day such Registration Default occurs until such Registration Default is cured.

(c) Any amounts of Additional Interest due pursuant to Section 5(a) will be payable in cash on the regular interest payment dates with respect to the Initial Securities which would apply in the event the Company had exercised its option to convert the Initial Securities to cash payment obligations following the occurrence of a Tax Event (as defined in the Indenture relating to the Initial Securities). The amount of Additional Interest will be determined by multiplying the applicable Additional Interest Rate by the accreted principal amount of the Transfer Restricted Securities, further multiplied by a fraction, the numerator of which is the number of days such Additional Interest Rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

(d) "TRANSFER RESTRICTED SECURITIES" means each Security until (i) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (ii) the date on which such Security is distributed to the public pursuant to Rule 144 or any successor provision under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act or any successor provision.

6. Rules 144 and 144A. The Company shall use its best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales of their securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Securities identified to the Company by the Initial Purchasers upon request. Upon the request of any Holder, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 6 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

7. Underwritten Registrations. If any of the Transfer Restricted Securities covered by the Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering ("MANAGING UNDERWRITERS") will be selected by the

holders of a majority in aggregate principal amount of such Transfer Restricted Securities to be included in such offering (provided that holders of Common Stock issued upon conversion of the Initial Securities shall not be deemed holders of Common Stock, but shall be deemed to be holders of the aggregate principal amount of Initial Securities from which such Common Stock was converted).

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. Miscellaneous.

(a) No Inconsistent Agreements. The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(b) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by the Company and the written consent of the holders of a majority in principal amount of the Securities affected by such amendment, modification, supplement, waiver or consents (provided that holders of Common Stock issued upon conversion of Initial Securities shall not be deemed holders of Common Stock, but shall be deemed to be holders of the aggregate principal amount of Initial Securities from which such Common Stock was converted). Without the consent of the Holder of a Initial Security, however, no modification may change the provisions relating to the payment of Additional Interest with respect to such Initial Security.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, facsimile transmission, or air courier which guarantees overnight delivery:

(1) if to a Holder of the Securities, at the most current address given by such Holder to the Company.

(2) if to the Initial Purchasers;

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010-3629
Fax No.: (212) 325-8278
Attention: Transactions Advisory Group

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017
Fax No.: (212) 455-2502
Attention: John D. Lobrano

(3) if to the Company, at its address as follows:

Lear Corporation
21557 Telegraph Road
Southfield, MI 48034
Attention: David Wajsgras

with a copy to:

Winston & Strawn
200 Park Avenue
New York, NY 10166
Attention: Daniel Ninivaggi

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient's facsimile machine operator, if sent by facsimile transmission; and on the day delivered, if sent by overnight air courier guaranteeing next day delivery.

(d) Third Party Beneficiaries. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder.

(e) Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

By the execution and delivery of this Agreement, the Issuer and each of the Guarantors submits to the nonexclusive jurisdiction of any federal or state court in the State of New York.

(j) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Securities Held by the Company. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Issuer a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the several Initial Purchasers, the Issuer and the Guarantors in accordance with its terms.

Very truly yours,

LEAR CORPORATION

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

LEAR OPERATIONS CORPORATION

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR CORPORATION AUTOMOTIVE HOLDINGS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR SEATING HOLDINGS CORP. #50

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Secretary and General Counsel

LEAR CORPORATION EEDS AND INTERIORS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR CORPORATION AUTOMOTIVE SYSTEMS

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President and Secretary

LEAR TECHNOLOGIES, LLC

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

LEAR MIDWEST AUTOMOTIVE, LIMITED PARTNERSHIP

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Vice President, Secretary and General Counsel

LEAR AUTOMOTIVE (EEDS) SPAIN S.L.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

LEAR CORPORATION MEXICO, S.A. DE C.V.

By: /s/ Joseph F. McCarthy
.....
Name: Joseph F. McCarthy
Title: Power of Attorney

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written.

CREDIT SUISSE FIRST BOSTON CORPORATION

By: /s/

Name:
Title:

Acting on behalf of itself
and as the Representative
of the several Initial Purchasers

EXHIBIT 11.1

COMPUTATION OF NET INCOME PER SHARE
(In millions, except share information)

	For the Year Ended December 31, 2001		For the Year Ended December 31, 2000		For the Year Ended December 31, 1999	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Income before extraordinary loss	$ 34.2	$ 34.2	$ 274.7	$ 274.7	$ 257.1	$ 257.1
Extraordinary loss, net of tax	7.9	7.9	-	-	-	-
Net income	$ 26.3	$ 26.3	$ 274.7	$ 274.7	$ 257.1	$ 257.1
Weighted average shares:						
Common shares outstanding	63,977,391	63,977,391	65,176,499	65,176,499	66,922,844	66,922,844
Exercise of stock options (1)	-	1,327,643	-	664,465	-	820,308
Common and equivalent shares outstanding	63,977,391	65,305,034	65,176,499	65,840,964	66,922,844	67,743,152
Per common and equivalent share:						
Income before extraordinary loss	$ 0.53	$ 0.52	$ 4.21	$ 4.17	$ 3.84	$ 3.80
Extraordinary loss	0.12	0.12	-	-	-	-
Net income	$ 0.41	$ 0.40	$ 4.21	$ 4.17	$ 3.84	$ 3.80

	For the Year Ended December 31, 1998		For the Year Ended December 31, 1997	
	Basic	Diluted	Basic	Diluted
Income before extraordinary loss	$ 115.5	$ 115.5	$ 208.2	$ 208.2
Extraordinary loss, net of tax	-	-	1.0	1.0
Net income	$ 115.5	$ 115.5	$ 207.2	$ 207.2
Weighted average shares:				
Common shares outstanding	66,947,135	66,947,135	66,304,770	66,304,770
Exercise of stock options (1)	-	1,076,240	-	1,943,313
Common and equivalent shares outstanding	66,947,135	68,023,375	66,304,770	68,248,083
Per common and equivalent share:				
Income before extraordinary loss	$ 1.73	$ 1.70	$ 3.14	$ 3.05
Extraordinary loss	-	-	0.01	0.01
Net income	$ 1.73	$ 1.70	$ 3.13	$ 3.04

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(1) Amount represents the number of common shares issued assuming exercise of stock options outstanding, reduced by the number of shares which could have been purchased with the proceeds from the exercise of such options.

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(DOLLARS IN MILLIONS, EXCEPT RATIO OF EARNINGS TO FIXED CHARGES)

	Year Ended December 31,				
	2001	2000	1999	1998	1997
Income before provision for national income taxes, minority interests in net income (loss) of subsidiaries, equity (income) loss of affiliates and extraordinary items	$ 110.4	$ 484.2	$ 443.0	$ 214.8	$ 345.8
Fixed charges	293.6	349.3	253.8	130.7	113.6
Distributed income of affiliates	4.2	2.0	1.8	2.3	3.9
Earnings	$ 408.2	$ 835.5	$ 698.6	$ 347.8	$ 463.3
Interest expense	$ 254.7	$ 316.2	$ 235.1	$ 110.5	$ 101.0
Portion of lease expense representative of interest	38.9	33.1	18.7	20.2	12.6
Fixed Charges	$ 293.6	$ 349.3	$ 253.8	$ 130.7	$ 113.6
Ratio of Earnings to Fixed Charges	1.4	2.4	2.8	2.7	4.1
Fixed Charges in Excess of Earnings	--	--	--	--	--

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF THE COMPANY (1)

Alfombras San Luis S.A. (Argentina)
Amtex, Inc. (Pennsylvania) (50%)
Arbitrario B.V. (Netherlands)
Asia Pacific Components Co., Ltd. (Thailand) (98.45%)
Autotrim, S.A. de C.V. (Mexico) (40%)
Chongqing Lear Chang'an Automotive Interior Trim Co., Ltd. (China) (35.75%)
Consorcio Industrial Mexicanos de Autopartes, S.A. de C.V. (Mexico)
Corporate Eagle Two, L.L.C. (Michigan) (50%)
Detroit Automotive Interiors, L.L.C. (Michigan) (49%)
El Trim (Pty.) Ltd. (South Africa)
General Seating of America, Inc. (Delaware) (50%)
General Seating of Canada, Ltd. (Canada) (50%)
General Seating of Thailand Corp., Ltd. (Thailand) (50%)
Hanil Lear Automotive Parts (India) Private, Ltd. (India) (50%)
Industria Textil Dragui S.A. (Argentina)
Industrias Cousin Freres, S.L. (Spain) (49.99%)
Industrias de Interiores Para Autos, S.A. de C.V. (Mexico) (40%)
Industrias Lear de Argentina, S.r.L. (Argentina)
Interiores Automotrices Summa, S.A. de C.V. (Mexico) (40%)
Interiores Para Autos, S.A. de C.V. (Mexico) (40%)
Interni S.A. (Brazil) (25%)
Jiangxi Jiangling Lear Interior Systems Co., Ltd. (China) (32.5%)
J.L. Automotive, L.L.C. (Michigan) (49%)
John Cotton Plastics, Ltd. (UK)
LCT, Inc. (Michigan)
LDOS UK Branch (UK)
Lear ASC Corporation (Delaware)
Lear Automotive Corporation Singapore Pte. Ltd. (Singapore)
Lear Automotive Dearborn, Inc. (Delaware)
Lear Automotive (EEDS) Almussafes Services S.A. (Spain)
Lear Automotive EEDS Argentina S.A. (Argentina)
Lear Automotive EEDS Honduras S.A. (Honduras)
Lear Automotive (EEDS) Philippines, Inc. (Philippines)
Lear Automotive (EEDS) Poland Sp. z.o.o. (Poland)
Lear Automotive (EEDS) Services Saarlouis GmbH (Germany)
Lear Automotive (EEDS) Spain S.L. (Spain)
Lear Automotive (EEDS) Tunisia S.A. (Tunisia)
Lear Automotive Electronics GmbH (Germany)
Lear Automotive France, S.A.S. (France)
Lear Automotive Interiors (Pty.) Ltd. (South Africa)
Lear Automotive Services (Netherlands) B.V. (Netherlands)
Lear Brits (S.A.) (Pty.) Ltd. (South Africa)
Lear Canada (Canada)
Lear Canada Investments, Ltd. (Canada)
Lear Canada (Sweden) U.L.C. (Canada)
Lear Car Seating do Brasil, Ltda. (Brazil)
Lear Corporation Asientos S.L. (Spain)
Lear Corporation Austria GmbH & Co. KG (Austria)
Lear Corporation Austria GmbH (Austria)
Lear Corporation Automotive Holdings (Delaware)
Lear Corporation Automotive Systems (Delaware)
Lear Corporation Belgium C.V.A. (Belgium)
Lear Corporation Beteiligungs GmbH (Germany)
Lear Corporation Canada, Ltd. (Canada)
Lear Corporation China, Ltd. (Mauritius) (65%)
Lear Corporation (Czech) s.r.o. (Czech Republic)
Lear Corporation Drahtfedern GmbH (Germany)
Lear Corporation EEDS and Interiors (Delaware)
Lear Corporation France S.A.R.L. (France)
Lear Corporation (Germany) Ltd. (Delaware)
Lear Corporation Global Development, Inc. (Delaware)
Lear Corporation GmbH & Co. KG (Germany)
Lear Corporation Holdings Spain S.L. (Spain)
Lear Corporation Hungary Automotive Manufacturing KFT (Hungary)
Lear Corporation Interior Components (Pty.) Ltd. (South Africa)
Lear Corporation Italia Holding S.r.L. (Italy)
Lear Corporation Italia S.p.A. (Italy)
Lear Corporation Italia Sud S.p.A. (Italy)
Lear Corporation Japan K.K. (Japan)
Lear Corporation Mendon (Delaware)
Lear Corporation Mexico, S. A. de C. V. (Mexico)
Lear Corporation North West (Pty.) Ltd. (South Africa)
Lear Corporation (Nottingham) Ltd. (UK)
Lear Corporation Poland Gliwice S.p. z o.o. (Poland)
Lear Corporation Poland S.p. z o.o. (Poland)
Lear Corporation Poland II S.p. z o.o. (Poland)
Lear Corporation Portugal - Componentes Para Automoveis, Lda. (Portugal)
Lear Corporation Romania s.r.o. (Romania)
Lear Corporation (S.A.) (Pty.) Ltd. (South Africa)
Lear Corporation Seating France S.A.S. (France)
Lear Corporation Slovakia s.r.o. (Slovak Republic)
Lear Corporation Spain S.L. (Spain)
Lear Corporation (SSD) Ltd. (UK)
Lear Corporation (SSD) NV (Belgium)
Lear Corporation Sweden AB (Sweden)
Lear Corporation UK Holdings, Ltd. (UK)
Lear Corporation UK Interior Systems, Ltd. (UK)
Lear Corporation (UK) Ltd. (UK)
Lear Corporation Verwaltungs GmbH (Germany)
Lear de Venezuela C.A. (Venezuela)
Lear do Brazil, Ltda. (Brazil)
Lear Electrical (Poland) Sp. z.o.o. (Poland)
Lear Electrical Systems de Mexico, S. de R.L. de C.V. (Mexico)
Lear Foreign Sales Corp. (U.S. Virgin Islands)
Lear Furukawa Corporation (Delaware) (51%)
Lear Holdings, S.r.l. de C.V. (Mexico)
Lear Investments Company, L.L.C. (Delaware)
Lear JIT (Pty.) Ltd. (South Africa)
Lear Mexican Holdings, L.L.C. (Delaware)
Lear Mexican Trim Operations S. de R.L. de C.V. (Mexico)
Lear Midwest Automotive, Ltd. Partnership (Delaware)
Lear Midwest, Inc. (Delaware)
Lear Motorola Integrated Solutions, L.L.C. (Delaware) (50%)
Lear Netherlands (Holdings) B.V. (Netherlands)
Lear N.H.K. Seating and Interior Co. Ltd. (Japan) (50%)
Lear Offranville S.A.R.L. (France)
Lear Operations Corporation (Delaware) (2)
Lear Otomotiv Sanayi ve Ticaret Ltd. Sirketi (Turkey)
Lear Rosslyn (Pty.) Ltd. (South Africa)
Lear Seating Holdings Corp. # 50 (Delaware)
Lear Seating Private, Ltd. (India)

Lear Seating (Thailand) Corp., Ltd. (Thailand) (98.45%)
Lear Sewing (Pty.) Ltd. (South Africa)
Lear South Africa Ltd. (Cayman Islands)
Lear Technologies, L.L.C. (Delaware)
Lear Teknik Oto Yan Sanayi Ltd. Sirket (Turkey) (67%)
Lear Trim L.P. (Delaware)
Lear UK Acquisition, Ltd. (UK)
Lear UK ISM, Ltd. (UK)
LECA S.p. z.o.o. (Poland)
Markol Otomotiv Yan Sanayi VE Ticaret A.S. (Turkey) (35%)
Martur Sunger ve Koltuk Tesisleri Ticaret A.S. (Turkey) (35%)
Masland (UK) Ltd. (UK)
No-Sag Drahtfedern Spitzer & Co. KG (Austria) (62.5%)
NTTF Industries, Ltd. (India) (46.68%)
OOO Lear (Russia)
Precision Fabrics Group, Inc. (North Carolina) (38.21%)
Rael Handels GmbH (Austria)
Ramco Investments, Ltd. (Mauritius)
RecepTec GmbH (Germany) (18.0723%)
RecepTec, L.L.C. () (18.0723%)
S.A.L.B.I. AB (Sweden) (50%)
Saturn Electronics de Juarez, S.A. de C.V. (Mexico) (45%)
Saturn Electronics Texas, L.L.C. (Michigan) (45%)
Shanghai Lear Automobile Interior Trim Co., Ltd. (China) (35.75%)
Shanghai Songjiang Lear Automotive Carpet & Accoustics Co., Ltd. (China) (32.5%)
Siam Lear Automotive Co., Ltd. (Thailand)
Societe No-Sag Francaise (France) (56%)
Societe Offransvillaise de Technologie S.A. (France)
Spitzer GmbH (Austria) (62.5%)
Stapur S.A. (Argentina) (5%)
Startskottet 20340 AB (Sweden) (10%)
Tianjin Jinzhu Wire Harness Component Co., Ltd. (China) (10%)
Total Interior Systems - American L.L.C. (Indiana) (39%)
Track 25 AB (Sweden) (10%)
Track 28 AB (Sweden) (10%)
UPM S.r.L. (Italy) (39%)
Wuhan Lear-DCAC Auto Electric Company, Ltd. (China) (75%)

(1) All subsidiaries are wholly owned unless otherwise indicated.

(2) Lear Operations Corporation also conducts business under the names Lear Corporation, Lear Corporation of Georgia, Lear Corporation of Kentucky and Lear Corporation of Ohio.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Lear Corporation's previously filed Registration Statements on Form S-8 File Nos. 33-55783, 33-57237, 33-61739, 333-03383, 333-06209, 333-16413, 333-16415, 333-28419, 333-59467, 333-62647, 333-78623, 333-94787, 333-94789 and 333-61670, Form S-3 File Nos. 333-16341, 333-43085 and 333-38574 and Form S-4 File Nos. 333-81255 and 333-59374.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
March 14, 2002.