

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 28, 2006**

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-11311 (Commission File Number)	13-3386776 (IRS Employer Identification Number)
21557 Telegraph Road, Southfield, MI (Address of principal executive offices)		48034 (Zip Code)
	(248) 447-1500 (Registrant's telephone number, including area code)	
	N/A (Former name or former address, if changed since last report)	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

The following information is provided pursuant to Item 2.02 of Form 8-K, "Results of Operations and Financial Condition," and Item 7.01 of Form 8-K, "Regulation FD Disclosure."

On July 28, 2006, Lear Corporation issued a press release reporting its financial results for the second quarter of 2006 and earnings guidance for the full-year of 2006. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On July 28, 2006, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its second quarter 2006 earnings call. Exhibit 99.2 is incorporated by reference herein.

The information contained in Exhibits 99.1 and 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 7 – Regulation FD

Item 7.01 Regulation FD Disclosure.

See "Item 2.02 Results of Operations and Financial Condition" above.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- (c) Exhibits

- 99.1 Press release issued July 28, 2006, furnished herewith.
- 99.2 Presentation slides from the Lear Corporation webcast of its second quarter 2006 earnings call held on July 28, 2006, furnished herewith.

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SIGNATURE

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

LEAR CORPORATION,
a Delaware corporation

Date: July 28, 2006

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

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EXHIBIT INDEX

Exhibit No.	Description
<u>99.1</u>	<u>Press release issued July 28, 2006, furnished herewith.</u>
<u>99.2</u>	<u>Presentation slides from the Lear Corporation webcast of its second quarter 2006 earnings call held on July 28, 2006, furnished herewith.</u>

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FOR IMMEDIATE RELEASE**Investor Relations:**

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(248) 447-1624

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Lear Reports Improved Second-Quarter Financial Results and Maintains Full Year Earnings Guidance

Southfield, Mich., July 28, 2006 -- Lear Corporation [NYSE: LEA], one of the world's largest automotive interior systems and components suppliers, today reported financial results for the second quarter of 2006.

Highlights:

- **Achieved record net sales of \$4.8 billion versus \$4.4 billion a year ago**
- **Improved pretax income versus a year ago**
- **Received customer awards for world-class quality and service**
- **Entered definitive agreement to contribute European Interiors business to JV**
- **Continued to win new business in Asia and with Asian automakers globally**

For the second quarter of 2006, Lear posted record net sales of \$4.8 billion and pretax income of \$31.5 million, which included costs related to restructuring actions, impairments, and other special items of \$24.0 million. The results for the second quarter of 2006 compare to year-earlier net sales of \$4.4 billion and a pretax loss of \$50.4 million, including costs related to restructuring actions and other special items of \$79.5 million. Net loss for the second quarter of 2006 was \$6.4 million or \$0.10 per share. This compares with a net loss of \$44.4 million or \$0.66 per share, for the second quarter of 2005.

Net sales were up from the prior year, primarily reflecting the addition of new business globally, offset in part by lower production on several Lear platforms in North America and Europe. Operating performance improved from the year earlier results primarily due to the increase in net sales as well as benefits from cost and operating efficiencies in our core businesses. These improvements were offset in part by higher raw material costs.

"The Lear team remains focused on improving quality and ensuring flawless launch execution while we aggressively implement cost improvement and operating efficiency initiatives," said Bob Rossiter, Lear Chairman and Chief Executive Officer. "Although there are many challenges facing our industry, we are taking aggressive

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actions to address these issues and further improve our operating results. We will continue to be product-line focused; competitive on a global basis; and dedicated to working collaboratively with our customers."

Free cash flow was positive \$0.8 million for the second quarter of 2006. (Net cash provided by operating activities was \$74.8 million. A reconciliation of free cash flow to net cash provided by operating activities is provided in the attached supplemental data page.)

Quality and customer satisfaction measures remain at high levels, and the Company continued to win recognition from customers around the world. Second quarter awards include "Supplier of the Year" from General Motors and Special Recognition for Customer Service from Ford Motor Company. Recognition was also received from Toyota, Mazda and Volkswagen for excellence in quality and customer service. Lear continues to be ranked as the highest quality major seat supplier in the 2006 J. D. Power Seat Quality Report.

Lear also made progress on important strategic initiatives, including the signing of a definitive agreement to contribute substantially all of its European Interiors business to International Automotive Components Group, LLC in return for a 34% equity interest, subject to adjustment, and the Company continued to aggressively expand its business in Asia and with Asian automakers globally.

During the quarter, Lear was awarded several new programs in China, and in India, Lear won its first business with Tata Motors. In addition, Lear opened a new TACLE joint venture facility in Sunderland, England with its Japanese partner Tachi-S, to support future vehicle programs with Nissan in Europe. This is Lear's third TACLE joint venture facility, including a plant under construction in Mt. Juliet, Tennessee to serve Nissan in North America and a facility in China to serve Asia. Lear's plant in Montgomery, Alabama is ramping up to full production to supply seats for the all-new Hyundai Santa Fe sport utility vehicle and another new location in San Antonio, Texas will be supplying interior trim for the 2007 Toyota Tundra.

Full-Year 2006 Outlook

For the full year of 2006, Lear expects record worldwide net sales of approximately \$18 billion, reflecting primarily the addition of new business globally, partially offset by unfavorable platform mix. Net sales guidance is up about \$300 million from the prior guidance reflecting primarily the forecast for a stronger Euro (\$1.25/Euro vs. \$1.20/Euro).

Lear anticipates 2006 income before interest, other expense, income taxes, impairments, restructuring costs and other special items (core operating earnings) to be in the range of \$400 to \$440 million, unchanged from the prior guidance. This compares with \$325 million a year ago. Restructuring costs for 2006 are estimated to be in the range of \$120 to \$150 million. A reconciliation of core operating earnings to pretax loss

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for 2005 as determined by generally accepted accounting principles is provided in the attached supplemental data pages.

Interest expense is estimated to be in the range of \$220 to \$230 million in 2006, compared with \$183 million last year. Pretax income before impairments, restructuring costs and other special items is estimated to be in the range of \$120 to \$160 million. This compares with \$97 million last year. A reconciliation of pretax income before impairments, restructuring costs and other special items to pretax loss for 2005 as determined by generally accepted accounting principles is provided in the attached supplemental data pages. Cash taxes are estimated to be within a range of \$80 to \$100 million, compared with \$113 million last year.

Free cash flow is expected to be in the range of positive \$50 to \$100 million, compared with negative \$419 million a year ago. This reflects improved earnings, lower capital spending, reduced tooling and engineering costs and improved net working capital, offset in part by higher cash costs for restructuring. (Net cash provided by operating activities for 2005 was \$561 million. A reconciliation of free cash flow to net cash provided by operating activities for 2005 is provided in the attached supplemental data pages.)

Capital spending in 2006 is estimated at approximately \$400 million, down from last year's peak level due primarily to lower launch activity. Depreciation and amortization are expected to be in the range of \$410 to \$420 million, compared with \$393 million last year.

Industry production assumptions underlying Lear's financial outlook include 15.7 million units in North America, which is down slightly from a year ago, and 19 million units in Europe, roughly flat with a year ago. The financial outlook includes all existing Lear operations for the full year (including the European Interiors business, with annual net sales of about \$750 million). See the "Forward-Looking Statements" section at the end of this release.

Lear Corporation is one of the world's largest suppliers of automotive interior systems and components. Lear provides complete seat systems, electronic products and electrical distribution systems and other interior products. With annual net sales of \$17.1 billion in 2005, Lear ranks #127 among the Fortune 500. Lear's world-class products are designed, engineered and manufactured by a diverse team of 115,000 employees at 282 locations in 34 countries. Lear's headquarters are in Southfield, Michigan, and Lear is traded on the New York Stock Exchange under the symbol [LEA]. Further information about Lear is available on the Internet at <http://www.lear.com>.

Lear Corporation [NYSE: LEA] will hold a conference call to review the Company's second-quarter 2006 financial results and related matters on Friday, July 28, 2006, at 8:00 a.m. EDT. To participate in the conference call, dial 1-800-789-4751 (domestic) or 1-706-679-3323 (international). You may also listen to the live audio webcast of the call, in listen-only mode, on the corporate website at www.lear.com.

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An audio replay will be available two hours following the call at 1-800-642-1687 (domestic) and 1-706-645-9291 (international). The audio replay will be available until August 10, 2006 (Conference I.D. 9785873).

Use of Non-GAAP Financial Information

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

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

evaluating the Company's continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company's results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company's ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting in future periods.

Core operating earnings, pretax income before impairments, restructuring costs and other special items and free cash flow should not be considered in isolation or as substitutes for net income (loss), pretax income (loss), cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or other discretionary uses. Also, these non- GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

For a reconciliation of 2005 core operating earnings to pretax loss as determined by generally accepted accounting principles, a reconciliation of 2005 pretax income before impairments, restructuring costs and other special items to pretax loss as determined by generally accepted accounting principles and a reconciliation of second-quarter 2006 and full-year 2005 free cash flow to net cash provided by operating

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activities, see the supplemental data pages which, together with this press release, have been posted on the Company's website through the Investor Relations link at <http://www.lear.com>. Given the inherent uncertainty regarding special items and the net change in sold accounts receivable in any future period, a reconciliation of forward-looking financial measures is not feasible. The magnitude of these items, however, may be significant.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company's warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company's key customers and suppliers, raw material costs and availability, the Company's ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the finalization of the Company's restructuring strategy, the outcome of various strategic alternatives being evaluated with respect to its Interior segment and other risks described from time to time in the Company's Securities and Exchange Commission filings. In particular, the Company's financial outlook for 2006 is based on the Company's current vehicle production and raw material pricing forecast; the Company's actual financial results could differ materially as a result of significant changes in these factors. The Company's agreement to contribute its European Interiors business to International Automotive Components Group, LLC is subject to various conditions, including third-party consents and other closing conditions customary for transactions of this type. No assurances can be given that the proposed transaction will be completed on the terms contemplated or at all.

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

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Lear Corporation and Subsidiaries Consolidated Statements of Operations

(Unaudited; in millions, except per share amounts)

Three Months Ended	
July 1, 2006	July 2, 2005

Net sales	\$	4,810.2	\$	4,419.3
Cost of sales		4,526.1		4,198.5
Selling, general and administrative expenses		173.8		190.8
Interest expense		53.2		48.2
Other expense, net		25.6		32.2
Income (loss) before income taxes		31.5		(50.4)
Income taxes		37.9		(6.0)
Net loss		(6.4)		(44.4)
Basic net loss per share	\$	(0.10)	\$	(0.66)
Diluted net loss per share	\$	(0.10)	\$	(0.66)
Weighted average number of shares outstanding - basic		67.3		67.1
Weighted average number of shares outstanding - diluted		67.3		67.1

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Lear Corporation and Subsidiaries
Consolidated Statements of Operations

(Unaudited; in millions, except per share amounts)

	Six Months Ended	
	July 1, 2006	July 2, 2005
Net sales	\$ 9,488.7	\$ 8,705.3
Cost of sales	8,985.4	8,284.6
Selling, general and administrative expenses	338.8	341.9
Interest expense	100.9	93.0
Other expense, net	17.3	39.1
Income (loss) before income taxes and cumulative effect of a change in accounting principle	46.3	(53.3)
Income taxes	37.7	(24.5)
Income (loss) before cumulative effect of a change in accounting principle	8.6	(28.8)
Cumulative effect of a change in accounting principle	2.9	—
Net income (loss)	\$ 11.5	\$ (28.8)
Basic net income (loss) per share		
Income (loss) before cumulative effect of a change in accounting principle	\$ 0.13	\$ (0.43)
Cumulative effect of a change in accounting principle	0.04	—
Basic net income (loss) per share	\$ 0.17	\$ (0.43)
Diluted net income (loss) per share		
Income (loss) before cumulative effect of a change in accounting principle	\$ 0.13	\$ (0.43)
Cumulative effect of a change in accounting principle	0.04	—
Diluted net income (loss) per share	\$ 0.17	\$ (0.43)

Weighted average number of shares outstanding - basic	67.3	67.2
Weighted average number of shares outstanding - diluted	68.0	67.2

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**Lear Corporation and Subsidiaries
Consolidated Balance Sheets**

(In millions)

	July 1, 2006	December 31, 2005
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 250.6	\$ 207.6
Accounts receivable	2,747.2	2,337.6
Inventories	694.0	688.2
Recoverable customer engineering and tooling	252.5	317.7
Other	290.7	295.3
	4,235.0	3,846.4
Long-Term:		
PP&E, net	2,017.1	2,019.3
Goodwill, net	1,978.2	1,939.8
Other	543.7	482.9
	4,539.0	4,442.0
Total Assets	\$ 8,774.0	\$ 8,288.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 11.9	\$ 23.4
Accounts payable and drafts	3,083.9	2,993.5
Accrued liabilities	1,245.2	1,080.4
Current portion of long-term debt	13.9	9.4
	4,354.9	4,106.7
Long-Term:		
Long-term debt	2,415.8	2,243.1
Other	828.8	827.6
	3,244.6	3,070.7
Stockholders' Equity	1,174.5	1,111.0
Total Liabilities and Stockholders' Equity	\$ 8,774.0	\$ 8,288.4

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**Lear Corporation and Subsidiaries
Supplemental Data**

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

Three Months Ended	
July 1, 2006	July 2, 2005

Net Sales		
North America	\$ 2,714.5	\$ 2,304.7
Europe	1,713.1	1,791.0
Rest of World	382.6	323.6
Total	\$ 4,810.2	\$ 4,419.3

Content Per Vehicle *		
North America	\$ 661	\$ 557
Total Europe	\$ 344	\$ 344

Free Cash Flow **		
Net cash provided by operating activities	\$ 74.8	\$ 407.6
Net change in sold accounts receivable	18.1	(267.3)
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	92.9	140.3
Capital expenditures	(92.1)	(149.7)
Free cash flow	\$ 0.8	\$ (9.4)

Depreciation	\$ 102.3	\$ 94.6
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Six Months Ended

	July 1, 2006	July 2, 2005
Net Sales		
North America	\$ 5,356.3	\$ 4,534.6
Europe	3,390.3	3,572.9
Rest of World	742.1	597.8
Total	\$ 9,488.7	\$ 8,705.3

Content Per Vehicle *		
North America	\$ 650	\$ 556
Total Europe	\$ 338	\$ 356

Free Cash Flow **		
Net cash provided by operating activities	\$ 114.2	\$ 526.1
Net change in sold accounts receivable	(20.0)	(267.3)
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	94.2	258.8
Capital expenditures	(184.7)	(279.1)
Free cash flow	\$ (90.5)	\$ (20.3)

Depreciation	\$ 198.9	\$ 189.1
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Basic Shares Outstanding at end of quarter	67,338,918	67,110,096
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Diluted Shares Outstanding at end of quarter ***	67,338,918	67,110,096
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* Content Per Vehicle for 2005 has been updated to reflect actual production levels.

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

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

Income before interest, other expense, income taxes, impairments, restructuring costs and other special items *

Loss before provision for income taxes	\$	(1,187.2)
Goodwill impairment charges		1,012.8
Interest expense		183.2
Other expense, net		96.6
Restructuring actions		106.3
Fixed asset impairment charges		82.3
Litigation charges		30.5

Income before interest, other expense, income taxes, impairments, restructuring costs and other special items (Core Operating Earnings)	\$	324.5
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Pretax income before impairments, restructuring costs and other special items *

Loss before provision for income taxes	\$	(1,187.2)
Goodwill impairment charges		1,012.8
Restructuring actions		102.8
Fixed asset impairment charges		82.3
Litigation charges		39.2
Sale and capital restructuring of joint ventures		46.7

Pretax income before impairments, restructuring costs and other special items	\$	96.6
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Free cash flow *

Net cash provided by operating activities	\$	560.8
Net change in sold accounts receivable		(411.1)

Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	149.7
Capital expenditures	(568.4)

Free cash flow	\$	(418.7)
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* See "Use of Non-GAAP Financial Information" included in this news release.



Exhibit 99.2

*Second-Quarter Results and
Full-Year 2006 Financial Guidance*

July 28, 2006

» *advance relentlessly*



Agenda

- ▶▶ Financial Review
 - *Jim Vandenberghe, Vice Chairman and CFO*
- ▶▶ Operating Review
 - *Doug DelGrosso, President and COO*
- ▶▶ Summary and Outlook
 - *Bob Rossiter, Chairman and CEO*
- ▶▶ Q and A Session

Financial Review

- ▶▶ Second-quarter financial results showed year-over-year improvement; full year earnings guidance unchanged*
- ▶▶ Signed definitive agreement to contribute European Interiors business to JV with WL Ross & Co. LLC in return for a 34% stake (subject to adjustment); Lear will record a loss on sale of about \$40 million when transaction closes; expected in Third Quarter*
- ▶▶ Received recognition for excellence in quality and service from several major customers and industry sources
- ▶▶ Continued to win new business with Asian manufacturers

***Operating Results Are Improving And We Are Making
Progress On Strategic Initiatives****

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

Second Quarter 2006 Industry Environment



	<u>Second Quarter 2006</u>	<u>Second Quarter 2006 vs. 2005</u>
<u>North America Production</u>		
Industry	4.1 mil	Down 1%
Big Three	2.9 mil	Down 1%
Lear's Top 15 Platforms	1.4 mil	Down 2%
<u>Europe Production</u>		
Industry	5.0 mil	Down 4%
Lear's Top 5 Customers	2.5 mil	Down 2%
Euro	\$1.25 / Euro	1% Weaker
<u>Key Commodities</u>		
Steel (Hot Rolled)	Up 6%	Up 5%
Resins (Polypropylene)	Up 6%	Up 20%
Copper	Up 35%	Up 107%
Crude Oil	Up 11%	Up 30%

Second Quarter 2006 Financial Summary*



(in millions, except net income per share)

	Second Quarter 2006	Second Quarter 2005	2Q '06 B/(W) 2Q '05
Net Sales	\$4,810.2	\$4,419.3	\$390.9
Income Before Interest, Other Expense and Income Taxes*	\$110.3	\$30.0	\$80.3
Margin	2.3%	0.7%	1.6 pts.
Pretax Income (Loss)	\$31.5	(\$50.4)	\$81.9
Net Loss	(\$6.4)	(\$44.4)	\$38.0
Net Loss Per Share	(\$0.10)	(\$0.66)	\$0.56
SG&A % of Net Sales	3.6%	4.3%	0.7 pts.
Interest Expense	\$53.2	\$48.2	(\$5.0)
Depreciation / Amortization	\$103.5	\$95.7	(\$7.8)
Other Expense, Net	\$25.6	\$32.2	\$6.6

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

Second Quarter 2006 Restructuring and Special Items



		Second Quarter		Memo:		
(in millions)	<u>Income Before Interest, Other Expense and Income Taxes*</u>	<u>Pretax Income (Loss)</u>	<u>Income Statement Category</u>			
			<u>COGS</u>	<u>SG&A</u>	<u>Other (Income)</u>	
2006 Reported Results	\$ 110.3	\$ 31.5				
<i>Reported results include the following items:</i>						
Costs for Global Restructuring Actions	\$ 18.9	\$ 14.9	\$ 14.1	\$ 4.8	\$ (4.0)	
Asset Impairment for N.A. Interiors Business	7.2	7.2	7.2	-	-	
Goodwill Impairment in Interior Segment**	2.9	2.9	-	2.9	-	
Gain on Prior Sale of Interest in Receptec JV	-	(1.0)	-	-	(1.0)	
2006 Core Operating Results	\$ 139.3	\$ 55.5				
2005 Core Operating Results	\$ 87.1	\$ 29.1				

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

** Reflects \$21 million settlement of tax indemnity claim related to the Company's 1999 acquisition of UT Automotive, a portion of which was attributable to goodwill in the Interior segment.

Second Quarter 2006

Net Sales Changes and Margin Impact Versus Prior Year



Performance Factor	Net Sales Change (millions)	Margin Impact	Comments
Industry Production / Platform Mix / Net Pricing	\$ (280)	Negative	Primarily unfavorable platform mix, reflecting lower pickup truck and mid-size SUV production.
Global New Business	645	Positive	2005 launches ramping up: DTS / Lucerne, Impala / Monte Carlo, Fusion / Milan / Zephyr, Ram, Sonata, Punto
F/X Translation	25	Neutral	Euro down 1%, Canadian dollar up 11%
Commodity / Raw Material		Negative	Unfavorable year over year increases-- steel up 5%, polypropylene up 20%, copper up 107% and crude oil up 30%
Performance		Positive	Reflects operating improvements in core businesses, including benefits from restructuring actions

Second Quarter 2006 Segment Results



	2Q '06	2Q '05	Comments
Seating			
Net Sales	\$ 3,096.1	\$ 2,879.9	• Strong new business globally
Segment Earnings*	\$ 171.5	\$ 48.5	• Improved Asian profitability
% of Sales	5.5 %	1.7 %	• Net cost improvements
Adjusted % of Sales**	5.7 %	3.2 %	
Electronic and Electrical			
Net Sales	\$ 787.7	\$ 772.4	• Higher commodity costs
Segment Earnings*	\$ 38.0	\$ 52.2	• Competitive price pressure
% of Sales	4.8 %	6.8 %	• Transition to low-cost locations
Adjusted % of Sales**	6.4 %	8.1 %	
Interior			
Net Sales	\$ 926.4	\$ 767.0	• Insufficient pricing
Segment Earnings*	\$ (37.2)	\$ (17.8)	• High raw material costs
% of Sales	(4.0) %	(2.3) %	• Inefficiencies related to major launches & capacity utilization
Adjusted % of Sales**	(2.7) %	(1.9) %	

* Segment earnings represent income (loss) before interest, other (income) expense and income taxes. Income before interest, other expense and income taxes for the Company was \$110.3 million and \$30.0 million for the second quarter of 2006 and 2005, respectively.

** Adjusted % of sales excludes restructuring and other costs of \$28.5 million (Seating - \$3.6, Electronic and Electrical - \$12.8, Interior - \$12.1) in second quarter 2006 and \$56.3 million (Seating - \$42.9, Electronic and Electrical - \$10.2, Interior - \$3.2) in second quarter 2005.

Second Quarter 2006

Free Cash Flow*



(in millions)

	Second Quarter 2006
Net Loss	\$ (6.4)
Depreciation / Amortization	103.5
Working Capital / Other	(4.2)
Cash from Operations	\$ 92.9
Capital Expenditures	(92.1)
Free Cash Flow	\$ 0.8

* Free Cash Flow represents net cash provided by operating activities (\$74.8 million for the three months ended 7/1/06) before net change in sold accounts receivable (\$18.1 million for the three months ended 7/1/06) less capital expenditures. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

2006 Guidance Key Assumptions*



	<u>2006 Guidance</u>	<u>2006 vs. 2005</u>
<u>North America Production</u>		
Industry	~ 15.7 mil	down slightly
Lear's Top 15 Platforms	~ 5.0 mil	down about 5%
Lear Launches	high	down from 2005 peak
<u>Europe Production</u>		
Industry	~ 19.0 mil	about flat
Lear's Top 5 Customers	~ 9.5 mil	about flat
Lear Launches	moderate	about the same
Euro	\$1.25 / Euro	no change

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

2006 Guidance

Key Factors Impacting Our Second Half Outlook



- ▶▶ North American production turns less favorable:
 - Industry forecast to be down 3%
(vs. 2% increase in first half)
 - Lear's top 15 platforms expected to be down 7%
(vs. 2% decline in first half)
- ▶▶ European production environment unchanged
- ▶▶ Raw material & energy prices stabilize
- ▶▶ Launch-related cost impact turns favorable
- ▶▶ Restructuring actions yield increasing net benefits

2006 Guidance Key Financial Projections*



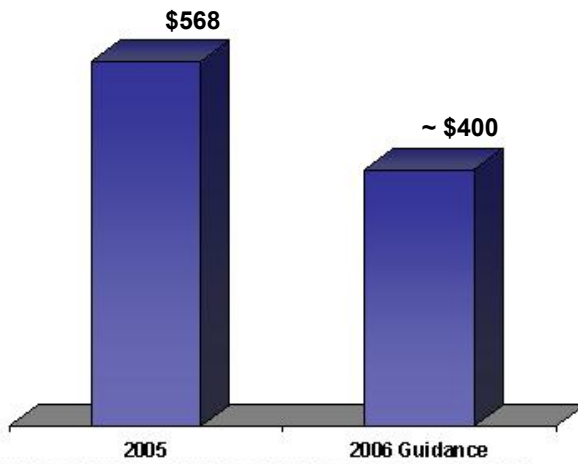
<u>(in millions)</u>	<u>2005</u>	<u>2006 Guidance</u>
Net Sales	\$17,089	~ \$18,000
<u>Core Operating Earnings</u>	\$325	\$400 - 440
Income before interest, other expense, income taxes, impairments, restructuring costs and other special items		
Interest Expense	\$183	\$220 - 230
<u>Pretax Income</u>	\$97	\$120 - 160
before impairments, restructuring costs and other special items		
Cash Taxes	\$113	\$80 - 100
Pretax Restructuring Costs	\$103	\$120 - 150

Major Change Is \$300 Million Increase In Net Sales, Reflecting Primarily Revised Euro Assumption

* Pretax loss for 2005 was \$1,187 million. Please see slides titled "Use of Non-GAAP Financial Information" and "Forward-Looking Statements" at the end of this presentation for further information.

2006 Guidance Capital Spending Forecast*

(in millions)



<i>Memo.</i>	
Depreciation and Amortization	
2005	\$ 393
2006 Guidance	\$410 to \$420

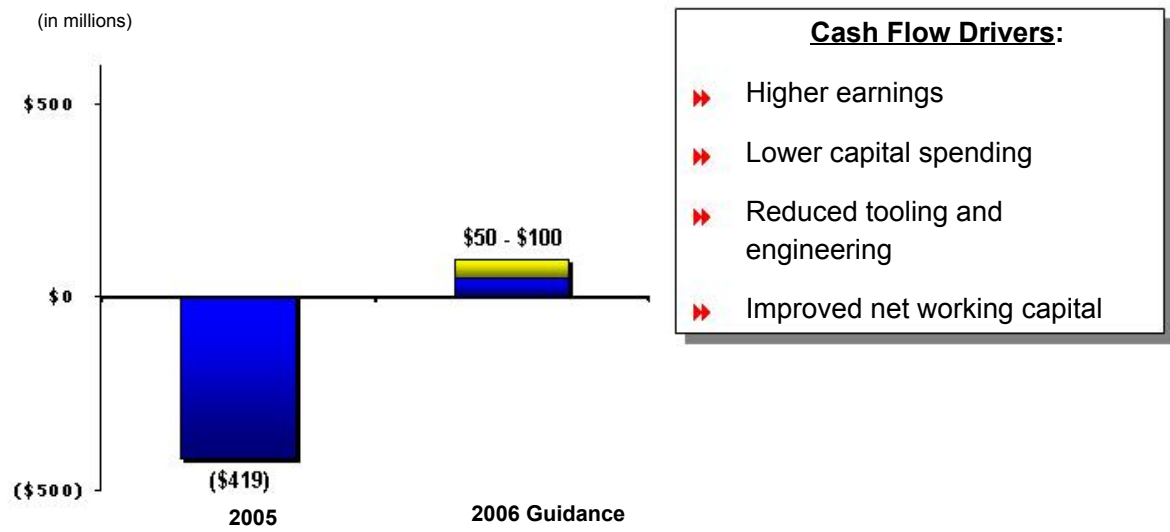
Capital Spending Impacts:

- ▶▶ More moderate launch schedule in 2006
- ▶▶ Spending for common architecture strategy, such as Lear Flexible Seating, largely in place
- ▶▶ Low-cost country spending moderates

Capital Spending Level Should Trend Lower On An Ongoing Basis

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

2006 Guidance Free Cash Flow Forecast*



* Net cash provided by operating activities for 2005 was \$561 million. Please see slides titled "Use of Non-GAAP Financial Information" and "Forward-Looking Statements" at the end of this presentation for further information.

2006 Guidance

Strategy For Interior Segment*



- ▶▶ Signed Definitive Agreement to Contribute Substantially all of Lear's European Interior Business to International Automotive Components Group, LLC in Return for a 34% Stake:
 - Creates a large [20 manufacturing facilities in 9 countries, with \$1.2 billion in annual sales] and well capitalized enterprise
 - Solid platform for improving ongoing operating efficiency and financial performance
 - Expected to close in the Third Quarter

- ▶▶ Working Aggressively to Restructure Operations and Put in Place a New Business Model for Lear's North American Interior Business:
 - Cash flow expected to be neutral in Second Half
 - Continuing to evaluate strategic alternatives

Making Solid Progress On Restructuring And Strategically Repositioning Interiors Business

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

Operating Review

Operating Priorities

Customer Focus

- ▶▶ Superior Quality and Service

Competitiveness / Operational Excellence

- ▶▶ Global Restructuring Actions
- ▶▶ Competitive Global Footprint
- ▶▶ Efficient Launch Execution

Sales Growth and Customer Diversification

- ▶▶ Innovation and Technology
- ▶▶ New Asian Business

Operating Priorities Maintain Quality and Customer Service Momentum



Customer

- ▶▶ General Motors--Supplier of the Year for Seating Systems (Global)
- ▶▶ Ford Motor Company--Special Recognition for Customer Service (Global)
--Special Recognition for Design Engagement (Europe)
- ▶▶ Toyota--Superior Logistics Performance (Argentina)
- ▶▶ Mazda--Value Engineering Award for Number of Ideas Submitted (Japan)
- ▶▶ Volkswagen--Excellence in Quality and Product Development (Mexico)
--Best Quality and Among Top Three in Cost Reduction (Brazil)

Industry

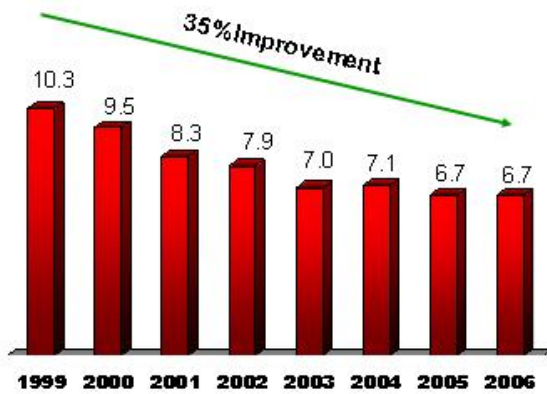
- ▶▶ Auto Interiors Show--Lear Content on all Six 'Interior of the Year' Winning Vehicles (United States)
- ▶▶ Industry Week Magazine--Lear's Liberty, Missouri plant among Finalists for Best Plant Award (North America)
- ▶▶ DLC Design--4.7 Rating (out of 5) for Lear Audio System in the BMW 530i (2006 SAE World Congress)

Operating Priorities

Continue to be a Leader in Seat Quality



Things Gone Wrong (TGW) per 100 vehicles



Lear's 2006 J.D. Power Results

- ▶▶ Same Excellent Performance in TGW
- ▶▶ 35% improvement since 1999
- ▶▶ Lear leads in 2 out of 5 Major Vehicle Segments for Best Quality Seats:

- Best Light Truck Seat Quality--
Ford F-150

- Best European Seat Quality--
Saab 9-3 Sedan

Source: 2006 J.D. Power Seat Quality Report

Highest Quality Major Seat Manufacturer In U.S.

Operating Priorities

Implement Restructuring Actions*



2006 Cost and Cash Impact

(in millions)	<u>Pretax Cost</u>	<u>Cash</u>
First Quarter	\$ 25	\$ 25
Second Quarter	15	17
First Half	\$ 40	\$ 42
Second Half	\$ ~ 80 - 110	\$ ~ 80 - 110
Total	<u>\$ ~ 120 - 150</u>	<u>\$ ~ 125 - 155</u>

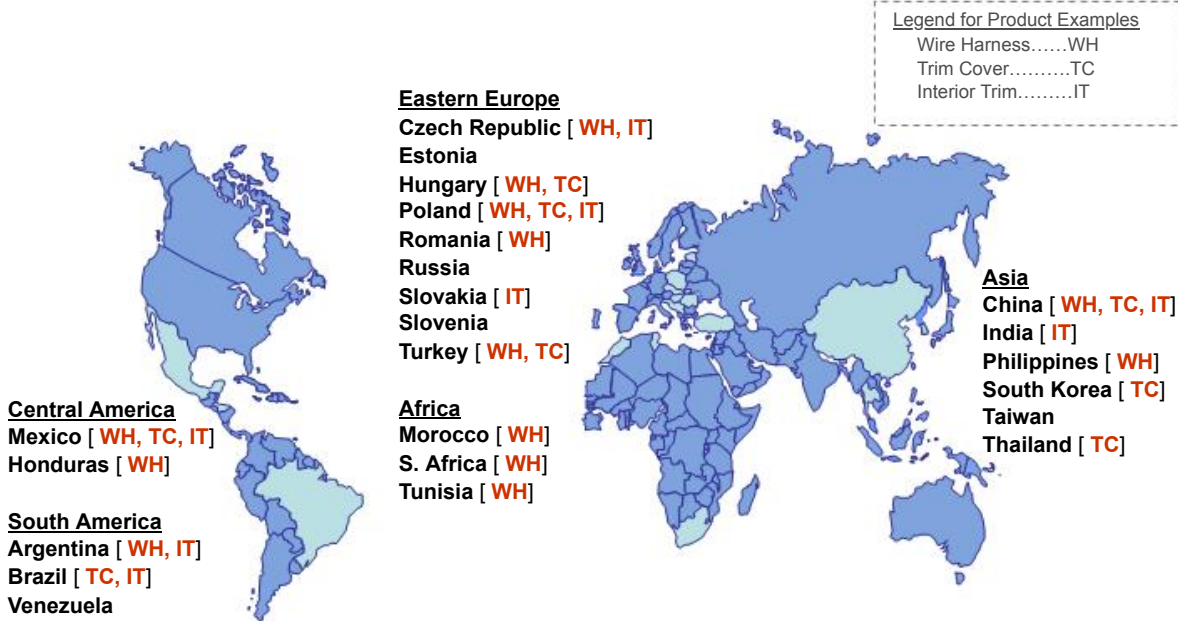
Cumulative Actions

- ▶▶ Announced closure of nine manufacturing facilities and several administrative offices
- ▶▶ Targeting closure of five to seven additional manufacturing facilities
- ▶▶ Implementing census reductions and other efficiency actions

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

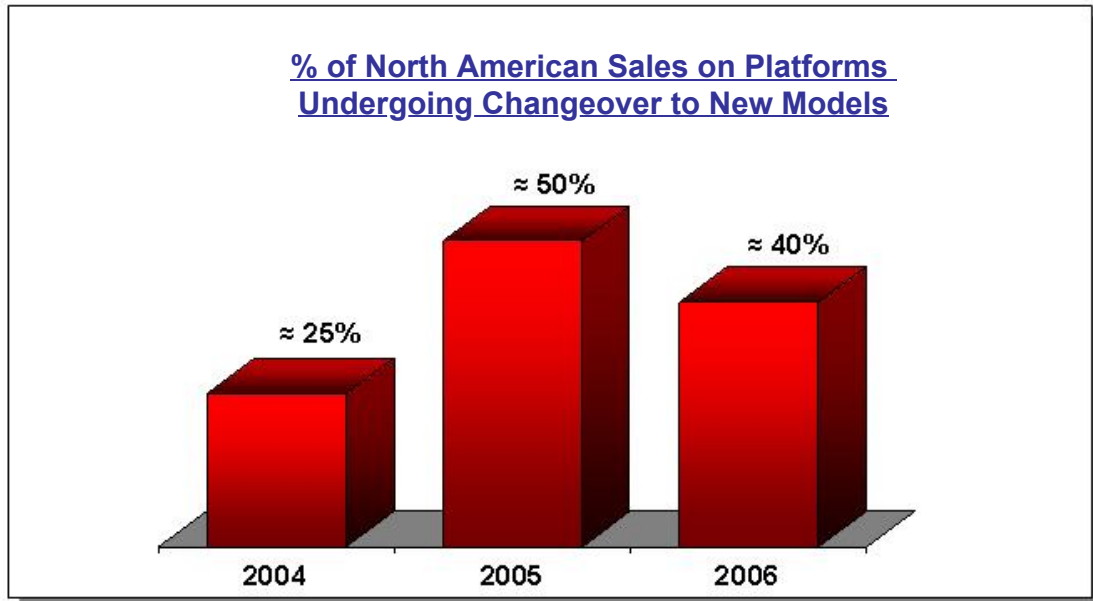
* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

Operating Priorities Competitive Global Footprint



**Today, About 30% Of Lear's Components Come From
23 Low-Cost Countries; Target Is 40% By 2010***

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



Global Launch Activity Peaked In 2005, As Half Of Our North American Sales Were Undergoing Changeover

Operating Priorities Driving Innovation and Technology



Opened New Global Innovation and Technology Center in Southfield, MI

Launched New Core Dimension Product Strategy and Advertising Campaign

**MOST PEOPLE SEE
THE WORLD IN 3D.
WE SEE IT IN 7D.**

At Lear, our vision couldn't be clearer. That's because we focus on our No. 1 priority: our automotive customers. Continuously improving our product strategies to better meet your needs — and the needs of the people who drive your vehicles — we've shifted our perspective and are taking a seven-dimensional view of product and technological innovation. We've identified seven new dimensions where Lear's expertise in wiring, electrical distribution systems, electronics and other interior products can make a difference to drivers — and influence their purchase decisions. We're focusing on **Safety, Comfort & Convenience, Environment, Customizing, Communications, Infotainment and Flexibility.** That's like the way your vehicles look in 7D. To see the Lear difference, go to [lear.com](#).



Two-Way Remote Keyless Entry



Home Automation System



*Leveraging Lear's Radio Frequency Expertise
To Launch A Family Of Car2U™ Wireless Products*

Operating Priorities

Win New Asian Business*



<u>Automaker</u>	<u>Market</u>	<u>Lear Business</u>	<u>Vehicle</u>
Nissan	Europe	Est. Tacle JV in Sunderland, U.K. with Tachi-S	New Compact Crossover and Future Programs
Honda	U.S.	Wiring	Accord
Nanjing Group	China	Seating	Rover
BMW	China	Seating and Entertainment System	5-Series
Nissan	China	Seating	P32L
Various Chinese	China	Primarily Seating and Electrical	Numerous Programs
Tata Motors	India	Seating	X-2

***Continuing To Win New Business In Asia
And With Asian Manufacturers Globally***

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

Summary and Outlook

Summary and Outlook

Lear Financial Results Improving*



- ▶▶ Second-quarter and first half operating results better than a year ago
- ▶▶ Launch costs expected to moderate in second half
- ▶▶ Capital spending returning to more moderate levels
- ▶▶ Free cash flow expected to turn positive this year
- ▶▶ Given the production outlook and raw material price forecast we see today, we are holding our full year 2006 earnings guidance unchanged

***First Half Results Better Than A Year Ago,
Targeting Improvement In Full Year Operating Results***

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

Summary and Outlook

Improving our Global Competitiveness*



- ▶▶ Continuously improving our quality and customer satisfaction levels
- ▶▶ Successfully implementing global restructuring initiatives
- ▶▶ Increasing sourcing and engineering from low-cost locations
- ▶▶ Strategically managing the business to improve individual product-line returns
- ▶▶ Leveraging our global scale, expertise and common architecture strategy to deliver the best overall value

Comprehensive Initiatives Being Implemented To Ensure Future Competitiveness

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

Summary and Outlook

Making Progress on Strategic Priorities*



- ▶▶ Global Seating margins improving
- ▶▶ Plans in place to maintain Electronic and Electrical margins
- ▶▶ Signed definitive agreement to contribute European Interior business to International Automotive Components Group, LLC
- ▶▶ Priority focus on improving our North American Interior business and putting in place a sustainable business model
- ▶▶ Continuing to aggressively grow sales in Asia and with Asian Automakers globally

***Lear's Operating Results Improving;
Longer-Term Outlook Remains Positive***

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



ADVANCE RELENTLESSLY™



▶▶ www.lear.com

Use of Non-GAAP Financial Information

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

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

Income before interest, other expense and income taxes, core operating earnings, pretax income before impairments, restructuring costs and other special items and free cash flow should not be considered in isolation or as substitutes for net income (loss), pretax income (loss), cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Use of Non-GAAP Financial Information

<u>Income before interest, other expense and income taxes</u> (in millions)	<u>Q2 2006</u>	<u>Q2 2005</u>
Income (loss) before income taxes	\$ 31.5	\$ (50.4)
Interest expense	53.2	48.2
Other expense, net	<u>25.6</u>	<u>32.2</u>
Income before interest, other expense and income taxes	<u>\$ 110.3</u>	<u>\$ 30.0</u>

Use of Non-GAAP Financial Information

<u>Income before interest, other expense, income taxes, impairments, restructuring costs and other special items</u>	<u>2005</u>	<u>Q2 2005</u>
(in millions)		
Loss before provision for income taxes	\$ (1,187.2)	\$ (50.4)
Goodwill impairment charges	1,012.8	-
Interest expense	183.2	48.2
Other expense, net	96.6	32.2
Restructuring actions	106.3	27.1
Fixed asset impairment charges	82.3	-
Litigation charges	<u>30.5</u>	<u>30.0</u>
 Income before interest, other expense, income taxes, impairments, restructuring costs and other special items (Core Operating Earnings)	 <u>\$ 324.5</u>	 <u>\$ 87.1</u>

Use of Non-GAAP Financial Information

<u>Pretax income before impairments, restructuring costs and other special items</u>	<u>2005</u>	<u>Q2 2005</u>
(in millions)		
Loss before provision for income taxes	\$ (1,187.2)	\$ (50.4)
Goodwill impairment charges	1,012.8	-
Restructuring actions	102.8	27.1
Fixed asset impairment charges	82.3	-
Litigation charges	39.2	35.5
Sale and capital restructuring of joint ventures	<u>46.7</u>	<u>16.9</u>
Pretax income before impairments, restructuring costs and other special items	<u>\$ 96.6</u>	<u>\$ 29.1</u>

Use of Non-GAAP Financial Information

<u>Free Cash Flow</u> (in millions)	<u>Q2 2006</u>	<u>2005</u>
Net cash provided by operating activities	\$ 74.8	\$ 560.8
Net change in sold accounts receivable	18.1	(411.1)
Net cash provided by operating activities before net change in sold accounts receivable (cash from operations)	\$ 92.9	\$ 149.7
Capital expenditures	(92.1)	(568.4)
Free cash flow	<u>\$ 0.8</u>	<u>\$ (418.7)</u>

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company's warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company's key customers and suppliers, raw material costs and availability, the Company's ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the finalization of the Company's restructuring strategy, the outcome of various strategic alternatives being evaluated with respect to its Interior segment and other risks described from time to time in the Company's Securities and Exchange Commission filings. In particular, the Company's financial outlook for 2006 is based on the Company's current vehicle production and raw material pricing forecast; the Company's actual financial results could differ materially as a result of significant changes in these factors. The Company's agreement to contribute its European Interiors business to International Automotive Components Group, LLC is subject to various conditions, including third-party consents and other closing conditions customary for transactions of this type. No assurances can be given that the proposed transaction will be completed on the terms contemplated or at all.

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