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

August 2, 2007



Agenda

- ▶▶ Company Overview and Business Plan
 - *Bob Rossiter, Chairman and CEO*

- ▶▶ Second-Quarter 2007 Results and 2007 Outlook
 - *Jim Vandenberghe, Vice Chairman and CFO*

- ▶▶ Q and A Session

Company Overview and Business Plan

What Does the Shareholder Vote Against the AREP Merger Proposal Mean?*

- ▶▶ Lear's shareholders have voted, and we respect their decision
- ▶▶ At the time of the Merger Proposal, we had a clear strategy and business plan for the future
- ▶▶ Nevertheless, the Board was obligated to evaluate the AREP offer and make a recommendation
- ▶▶ Following a comprehensive and objective review, the Board concluded the AREP offer was fair
- ▶▶ While we believed there were benefits to the transaction, we also believe a standalone, publicly traded Lear has a positive long-term outlook
- ▶▶ The Board and management team are focused on executing the strategic plan we have in place

We Will Operate The Company Going Forward With The Same Level Of Intensity And Commitment To Customer Satisfaction And Shareholder Value We Have Always Had

Following the Offer, Near-Term Factors Turned More Positive*

- ▶▶ Auto sector valuations increased significantly
- ▶▶ Big Three production in the first half was relatively stable and somewhat stronger than we had forecast
- ▶▶ Distress in the supply chain has moderated somewhat
- ▶▶ There were no labor disruptions in the auto sector, and there is optimism regarding the outcome of this year's union contract negotiations
- ▶▶ Lear's second-quarter operating results and full-year 2007 outlook improved

Investor Sentiment Regarding The Auto Sector Improved In The First Half Of 2007

Business Assessment*

Near-Term Business Conditions Relatively Stable

- ▶▶ Continuing priority focus on quality and business fundamentals
- ▶▶ Seating business performing well globally
- ▶▶ Electrical and Electronic business needs further improvement

Further Industry Restructuring and Volatility Expected

- ▶▶ Substantial progress on global restructuring initiative
- ▶▶ Continuing to diversify our sales with rapid growth in total Asian sales

New Asian Program Awards in Second Quarter

<u>Automaker</u>	<u>Market</u>	<u>Lear Content</u>	<u>Vehicle Program(s)</u>	<u>SOP**</u>
	China	Seats	B13 CV	Jun-08
	China	Seats	A4	Nov-08
	China	Seats	FC2/3	Apr-08
	China	Wire Harness/Junction Box/TPMS	FC2/3	Jun-08
	North America	Junction Box	Sonata/Santa Fe	Feb-08
	Australia	Tier II Seat Components	380	Apr-07

***New Asian Business Awarded In Second Quarter
Worth About \$100 Million Annually ****

* Includes consolidated and non-consolidated sales.

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

Going Forward, What is Lear's Business Plan?*

Continue to execute the customer-focused business plan we have in place:

Product-Line Focus

- ▶▶ Focus on strengthening our core businesses:
 - Leverage leadership position in Seating systems
 - Strengthen capabilities in Electrical and Electronic segment
 - Expand capabilities in value-added components

Operating Priorities

- ▶▶ Deliver world-class quality and customer satisfaction
- ▶▶ Implement global restructuring and footprint actions
- ▶▶ Aggressively pursue growth in Asia and with Asian OEMs globally
- ▶▶ Continue product innovation with focus on safety and technology

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

Second-Quarter Results and 2007 Outlook

Financial Summary*

- ▶▶ Second-Quarter special items include:
 - Costs related to restructuring actions
 - Costs related to AREP merger transaction
 - Costs related to divestiture of Interior business

- ▶▶ Second-Quarter core operating earnings were \$229 million, up \$65 million from a year ago, reflecting:
 - Favorable cost performance and operating efficiencies
 - Improved operating performance in Europe and Asia
 - Benefit of new business, mainly Seating outside of North America

- ▶▶ Full-Year outlook unchanged from latest status, but we now expect earnings at or near the high end of the range:
 - Core operating earnings range remains at \$600 to \$640 million
 - Operating performance positive; production outlook uncertain
 - Free cash flow increased to \$275 million, reflecting lower capital spending

* Core operating earnings represent seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items. Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. Please see slides titled “Non-GAAP Financial Information” and “Forward Looking Statements” at the end of this presentation for further information.

Second Quarter 2007 Industry Environment



	<u>Second Quarter 2007</u>	<u>Second Quarter 2007 vs. 2006</u>
<u>North American Production</u>		
Industry	4.0 mil	Down 2%
Big Three	2.7 mil	Down 7%
Lear's Top 15 Platforms	1.3 mil	Down 6%
<u>European Production</u>		
Industry	5.2 mil	Up 1%
Lear's Top 5 Customers	2.6 mil	Up 1%
<u>Key Commodities (Quarterly Average)</u>		
	<u>vs. Prior Quarter</u>	
Steel (Hot Rolled)	Up 5%	Down 6%
Crude Oil	Up 11%	Down 8%
Copper	Up 28%	Up 11%

Second Quarter 2007 Reported Financial Results

(in millions, except net income per share)

	<i>Second Quarter 2007</i>	<i>Second Quarter 2006</i>	<i>2Q '07 B/(W) 2Q '06</i>
Net Sales	\$4,155.3	\$4,810.2	(\$654.9)
Income Before Interest, Other Expense and Income Taxes*	\$194.8	\$113.2	\$81.6
Pretax Income	\$143.9	\$31.5	\$112.4
Net Income (Loss)	\$123.6	(\$6.4)	\$130.0
Net Income (Loss) Per Share	\$1.58	(\$0.10)	\$1.68
SG&A % of Net Sales	3.4 %	3.6 %	0.2 pts.
Interest Expense	\$51.3	\$53.2	\$1.9
Depreciation / Amortization	\$75.7	\$103.5	\$27.8
Other Expense, Net	\$0.3	\$25.6	\$25.3

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

Second Quarter 2007 Restructuring Costs and Other Special Items*



(in millions)

Second Quarter

*Income Before
Interest, Other
Expense and
Income Taxes*

Reported Results

2007 Total Company	\$	194.8
2007 Residual Interior business		<u>(0.6)</u>
2007 Seating/Electrical and Electronic businesses	\$	195.4

Reported Results Include the Following Items:

Costs related to restructuring actions	\$	29.8
Costs related to merger transaction		2.3
Costs related to divestiture of Interior business		1.8

2007 Core Operating Earnings	\$	229.3
2006 Core Operating Earnings	\$	164.7

Memo:

Income Statement Category

<u>COGS</u>	<u>SG&A</u>
\$ 24.4	\$ 5.4
-	2.3
1.3	0.5

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

Second Quarter 2007

Net Sales Changes and Margin Impact Versus Prior Year

Performance Factor	Net Sales Change (in millions)	Margin Impact	Comments
Industry Production / Platform Mix / Net Pricing / All Other	\$ (171)	Negative	Primarily lower production in North America
Global New Business	266	Positive	Nissan Qashqai, Range Rover, Fiat Bravo and Audi TT in Europe; Hyundai Veracruz in Asia; GMT 900 pickup and Hyundai Santa Fe in N.A.
F/X Translation	143	Neutral	Euro up 7%, Canadian dollar up 2%
Acquisition / Divestiture	(893)	Positive	Divestiture of Interior business
Commodity		Neutral	Steel down 6% and copper up 11%, with some prior period recovery; crude oil down 8%
Performance		Positive	Favorable operating performance in core businesses, including benefits from restructuring actions and vertical integration

Second Quarter 2007 Business Segment Results



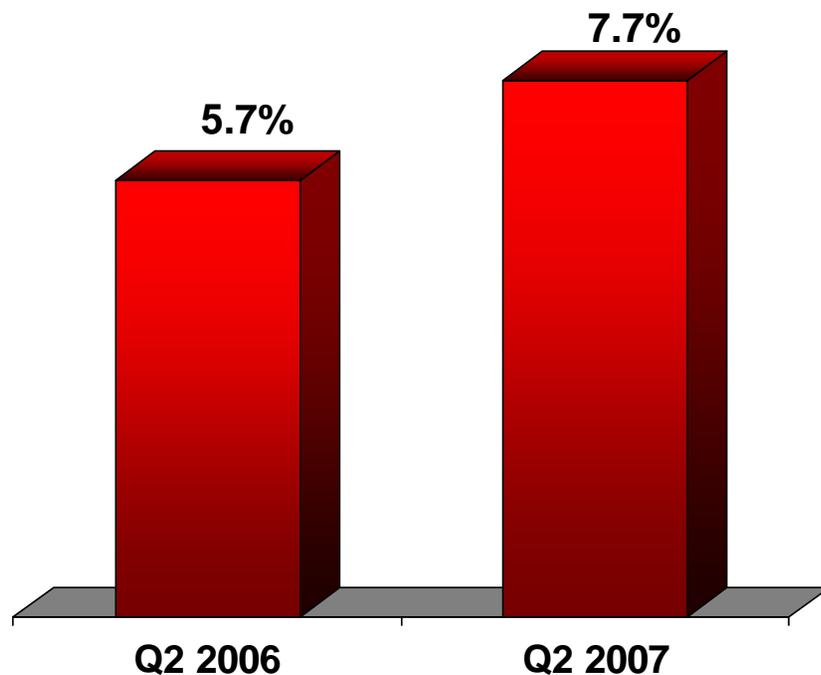
(\$ in millions)	Second Quarter			
	2007		2006	
<u>Seating</u>		Margin		Margin
Net Sales	\$ 3,264.5		\$ 3,096.1	
Reported Segment Earnings*	\$ 238.8	7.3%	\$ 171.5	5.5%
Adjusted Earnings**	\$ 250.4	7.7%	\$ 175.4	5.7%
<u>Electrical and Electronic</u>				
Net Sales	\$ 825.1		\$ 787.7	
Reported Segment Earnings*	\$ 23.5	2.8%	\$ 38.0	4.8%
Adjusted Earnings**	\$ 38.6	4.7%	\$ 50.8	6.4%
<u>Headquarters Costs</u>				
Reported Segment Earnings*	\$ (66.9)		\$ (62.0)	
Adjusted Earnings**	\$ (59.7)		\$ (61.5)	
<u>Core Business</u>				
Net Sales	\$ 4,089.6		\$ 3,883.8	
Reported Earnings*	\$ 195.4	4.8%	\$ 147.5	3.8%
Adjusted Earnings**	\$ 229.3	5.6%	\$ 164.7	4.2%
<u>Total Company</u>				
Net Sales	\$ 4,155.3		\$ 4,810.2	
Reported Earnings*	\$ 194.8	4.7%	\$ 113.2	2.4%
Adjusted Earnings**	\$ 233.7	5.6%	\$ 139.6	2.9%

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

** Adjusted earnings and margin exclude restructuring costs and other special items as follows – In the Second Quarter ended 06/30/07, adjustments for Seating - \$11.6M, Electrical and Electronic - \$15.1M, HQ - \$7.2M, Core Business - \$33.9M and Total Company - \$38.9M and in the Second Quarter ended 07/01/06, adjustments for Seating - \$3.9M, Electrical and Electronic - \$12.8M, HQ - \$0.5M, Core Business - \$17.2M and Total Company - \$26.4M.

Second Quarter 2007 Seating Segment Performance*

Adjusted Seating Margin



Adj. Seg. Earnings (in millions)	Q2 2006	Q2 2007
	\$175.4	\$250.4

Explanation of Year-to-Year Change

- + Favorable cost performance from restructuring and ongoing efficiency actions
- + Margin improvement actions, including selective vertical integration
- + Benefit of new business, primarily outside of North America
- + Net raw material favorable
- Lower production in North America

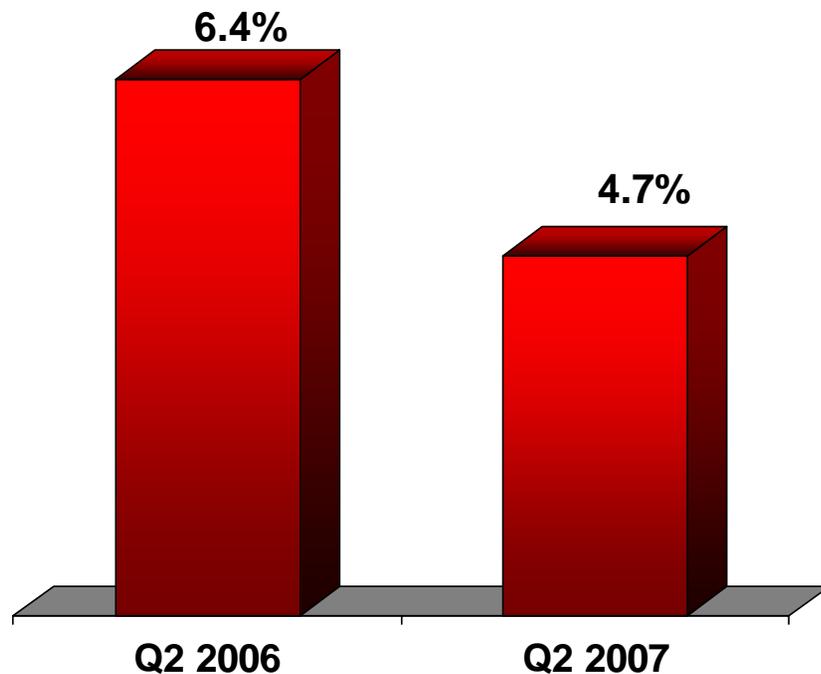
* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

Second Quarter 2007

Electrical and Electronic Segment Performance*

Adjusted Electrical and Electronic Margin

Explanation of Year-to-Year Change



Adj. Seg.
Earnings
(in millions) **\$50.8**

\$38.6

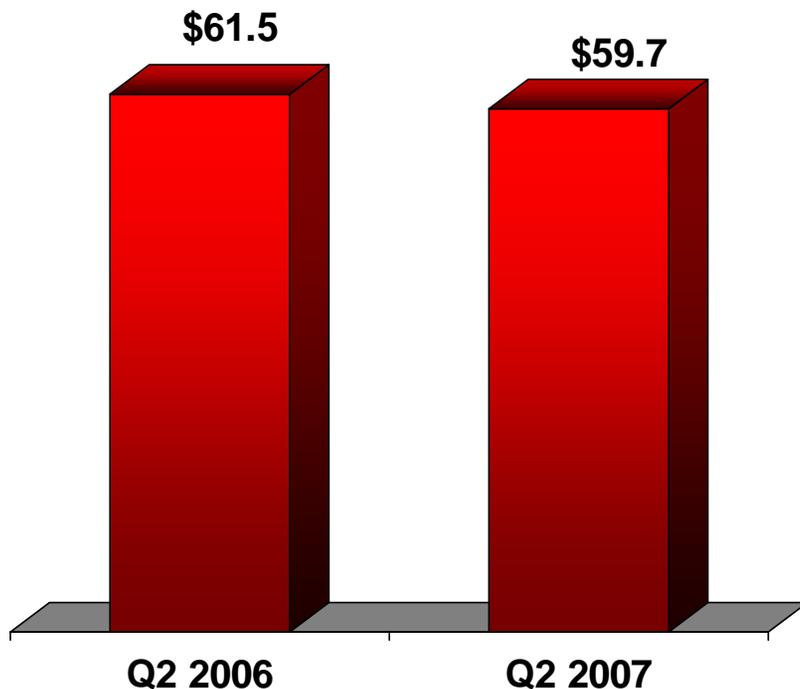
- Litigation costs and other commercial items
- Unfavorable net pricing
- Lower industry production in N. A.
- Roll-off of two programs in N. A.
- /+ Higher copper prices offset by prior period recovery
- + Improving results in Asia

* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

Second Quarter 2007 Headquarters Performance*

Adjusted Headquarters Expense**

(in millions)



Explanation of Year-to-Year Change

- + SG&A efficiencies
- + Restructuring savings

* Please see slides titled “Non-GAAP Financial Information” at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

** Adjusted expense excludes restructuring costs of \$0.5 million in 2006 and restructuring costs of \$3.1 million, merger-related costs of \$2.3 million and costs related to the Interior divestiture of \$1.8 million in 2007.

Second Quarter 2007

Free Cash Flow*



(in millions)	Second Quarter 2007
Net Income	\$ 123.6
Depreciation / Amortization	75.7
Working Capital / Other	43.8
Cash from Operations	\$ 243.1
Capital Expenditures	(39.1)
Free Cash Flow	\$ 204.0

* Free Cash Flow represents net cash provided by operating activities (\$289.3 million for the three months ended 6/30/07) before net change in sold accounts receivable ((\$46.2) million for the three months ended 06/30/07) (Cash from Operations), less capital expenditures. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

2007 Outlook

Full-Year Production Assumptions*



	<u>Full-Year 2007 Outlook</u>	<u>Change from Prior Year</u>
<u>North American Production</u>		
Total Industry	≈ 15.1 mil	down 1%
Big Three	≈ 9.8 mil	down 4%
Lear's Top 15 Platforms	≈ 4.6 mil	down 7%
<u>European Production</u>		
Total Industry	≈ 19.7 mil	up 3%
Lear's Top 5 Customers	≈ 9.9 mil	up 2%
Euro	\$1.34 / Euro	up 6%
<u>Key Commodities</u>		
	moderating (except copper)	slightly lower (except copper)

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

2007 Outlook

Full-Year Financial Forecast*



2007 Full-Year Financial Forecast for Core Business

(Seating and Electrical and Electronic businesses)

<u>Net Sales</u>	≈ \$15 billion
<u>Core Operating Earnings</u>	\$600 to \$640 million
Income before interest, other expense, income taxes, restructuring costs and other special items	
<u>Interest Expense</u>	\$210 to \$215 million
<u>Pretax Income</u>	\$335 to \$375 million
before restructuring costs and other special items	
<u>Estimated Tax Expense</u>	≈ \$120 million **
<u>Pretax Restructuring Costs</u>	≈ \$100 million
<u>Capital Spending</u>	≈ \$235 million
<u>Depreciation and Amortization</u>	≈ \$310 million
<u>Free Cash Flow</u>	≈ \$275 million

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

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

Summary and Outlook*

- ▶▶ **Lear is Financially Sound**
 - Successfully refinanced major debt maturities through 2010
 - Operating results improving; cash flow now solidly positive

- ▶▶ **Making Progress on Strategic Priorities**
 - Completed divestiture of Interior business
 - Expanding our presence in Asia and growing Asian sales globally
 - Implementing global restructuring actions

- ▶▶ **Automotive industry conditions, particularly in North America, remain challenging**

- ▶▶ **Longer-term outlook for Lear continues to be positive**

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



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Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) included throughout this presentation, the Company has provided information regarding “income before interest, other expense and income taxes,” “seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items” (core operating earnings), “pretax income before restructuring costs and other special items” and “free cash flow” (each, a non-GAAP financial measure). Other expense includes, among other things, state and local non-income taxes, foreign exchange gains and losses, fees associated with the Company’s asset-backed securitization and factoring facilities, minority interests in consolidated subsidiaries, equity in net income of affiliates and gains and losses on the sale of assets. Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. The Company believes it is appropriate to exclude the net change in sold accounts receivable in the calculation of free cash flow since the sale of receivables may be viewed as a substitute for borrowing activity.

Management believes the non-GAAP financial measures used in this 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 restructuring costs and other special items are useful measures in assessing the Company’s financial performance by excluding certain items (including those items that are included in other expense) 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 restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income, net income, cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Non-GAAP Financial Information

Cash from Operations and Free Cash Flow

	Three Months
(in millions)	Q2 2007
	<hr/>
Net cash provided by operating activities	\$ 289.3
Net change in sold accounts receivable	(46.2)
	<hr/>
Net cash provided by operating activities	
before net change in sold accounts receivable	
(cash from operations)	243.1
Capital expenditures	(39.1)
	<hr/>
Free cash flow	\$ 204.0
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Non-GAAP Financial Information

Core Operating Earnings

(in millions)	Three Months	
	Q2 2007	Q2 2006
Pretax income	\$ 143.9	\$ 31.5
Goodwill impairment charge related to Interior business	-	2.9
Divestiture of Interior business	(0.7)	-
Interest expense	51.3	53.2
Other expense, net *	0.3	25.6
Income before interest, other expense and income taxes	\$ 194.8	\$ 113.2
Costs related to divestiture of Interior business (included in COS and SG&A)	1.8	-
Fixed asset impairment charges related to Interior business	-	7.2
Costs related to restructuring actions	34.8	19.2
Costs related to merger transaction	2.3	-
Income before interest, other expense, income taxes, restructuring costs and other special items	\$ 233.7	\$ 139.6
Less: Interior business	(4.4)	25.1
Seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items (core operating earnings)	\$ 229.3	\$ 164.7

* Includes minority interests in consolidated subsidiaries and equity in net income of affiliates.

Non-GAAP Financial Information

Segment Earnings Reconciliation

(in millions)	Three Months	
	Q2 2007	Q2 2006
Seating	\$ 238.8	\$ 171.5
Electrical and electronic	23.5	38.0
Interior	(0.6)	(34.3)
Segment earnings	261.7	175.2
Corporate and geographic headquarters and elimination of intercompany activity	(66.9)	(62.0)
Income before interest, other expense and income taxes	\$ 194.8	\$ 113.2
Goodwill impairment charge related to Interior business	-	2.9
Divestiture of Interior business	(0.7)	-
Interest expense	51.3	53.2
Other expense, net	0.3	25.6
Pretax income	\$ 143.9	\$ 31.5

Non-GAAP Financial Information

Adjusted Segment Earnings

(in millions)	Three Months Q2 2007				Three Months Q2 2006			
	Seating	Electrical and Electronic	HQ/ Other	Core Business	Seating	Electrical and Electronic	HQ/ Other	Core Business
Segment earnings	\$ 238.8	\$ 23.5	\$ (66.9)	\$ 195.4	\$ 171.5	\$ 38.0	\$ (62.0)	\$ 147.5
Costs related to divestiture of Interior business	-	-	1.8	1.8	-	-	-	-
Costs related to restructuring actions	11.6	15.1	3.1	29.8	3.9	12.8	0.5	17.2
Costs related to merger transaction	-	-	2.3	2.3	-	-	-	-
Adjusted segment earnings	\$ 250.4	\$ 38.6	\$ (59.7)	\$ 229.3	\$ 175.4	\$ 50.8	\$ (61.5)	\$ 164.7

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company's suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company's warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company's key customers and suppliers, raw material costs and availability, the Company's ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the success of the Company's restructuring initiative and other risks described from time to time in the Company's Securities and Exchange Commission filings.

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.