
A world map rendered in a light gray, dotted or pixelated style, centered on the page. The map shows the outlines of all major continents.

Third Quarter 2014 Financial Results

Investor Information

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. The words “will,” “may,” “designed to,” “outlook,” “believes,” “should,” “anticipates,” “plans,” “expects,” “intends,” “estimates,” “forecasts” and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All such forward-looking statements contained or incorporated in this presentation or in any other public statements which address operating performance, events or developments that the Company expects or anticipates may occur in the future, including, without limitation, statements related to business opportunities, awarded sales contracts, sales backlog and ongoing commercial arrangements, or statements expressing views about future operating results, are forward-looking statements. Actual results may differ materially from any or all forward-looking statements made by the Company. Important factors, risks and uncertainties that may cause actual results to differ materially from anticipated results include, but are 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 and restructuring actions of the Company’s customers and suppliers; changes in actual industry vehicle production levels from the Company’s current estimates; fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which the Company is a significant 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 outcome of customer negotiations and the impact of customer-imposed price reductions; the impact and timing of program launch costs and the Company’s management of new program launches; the costs, timing and success of restructuring actions; increases in the Company’s warranty, product liability or recall costs; risks associated with conducting business in foreign countries; the impact of regulations on the Company’s foreign operations; the operational and financial success of the Company’s joint ventures; competitive conditions impacting the Company and its key customers and suppliers; disruptions to the Company’s information technology systems, including those related to cybersecurity; the cost and availability of raw materials, energy, commodities and product components and the Company’s ability to mitigate such costs; the outcome of legal or regulatory proceedings to which the Company is or may become a party; the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations; unanticipated changes in cash flow, including the Company’s ability to align its vendor payment terms with those of its customers; limitations imposed by the Company’s existing indebtedness and the Company’s ability to access capital markets on commercially reasonable terms; impairment charges initiated by adverse industry or market developments; the Company’s ability to execute its strategic objectives; changes in discount rates and the actual return on pension assets; costs associated with compliance with environmental laws and regulations; the impact of new regulations related to conflict minerals; developments or assertions by or against the Company relating to intellectual property rights; the Company’s ability to utilize its net operating loss, capital loss and tax credit carryforwards; global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies; and other risks described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, its Quarterly Report on Form 10-Q for the quarter ended June 28, 2014, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, commodity prices and the Company’s success in implementing its operating strategy.

Information in this presentation relies on assumptions in the Company’s sales backlog. The Company’s sales backlog reflects anticipated net sales from formally awarded new programs less lost and discontinued programs. The calculation of the sales backlog does not reflect customer price reductions on existing or newly awarded programs. The sales backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

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.

Non-GAAP Financial Information

This presentation also contains non-GAAP financial information. For additional information regarding the Company’s use of non-GAAP financial information, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), please see slides 11 and 13 and the slides titled “Non-GAAP Financial Information” at the end of this presentation.



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Agenda

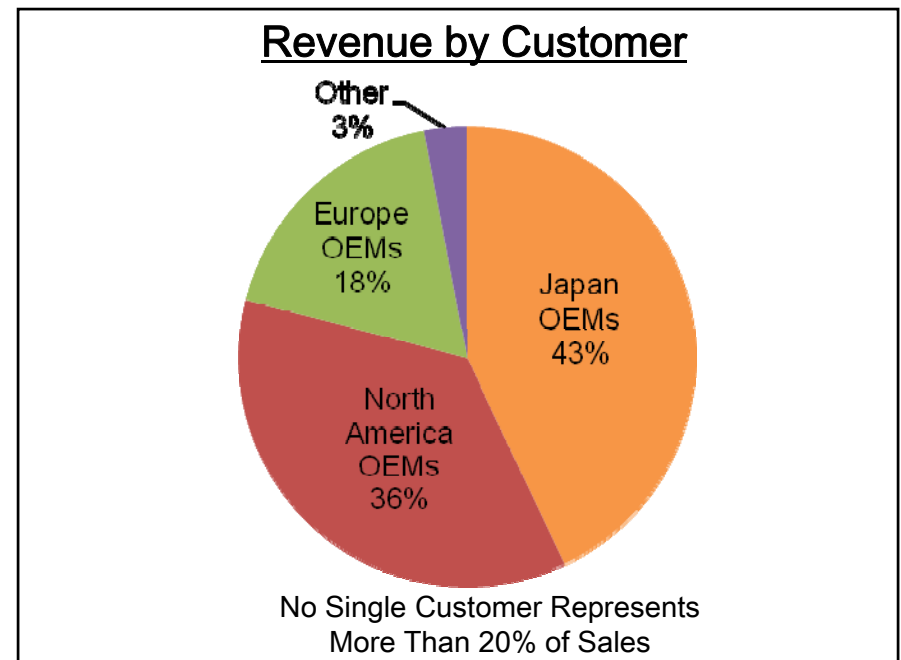
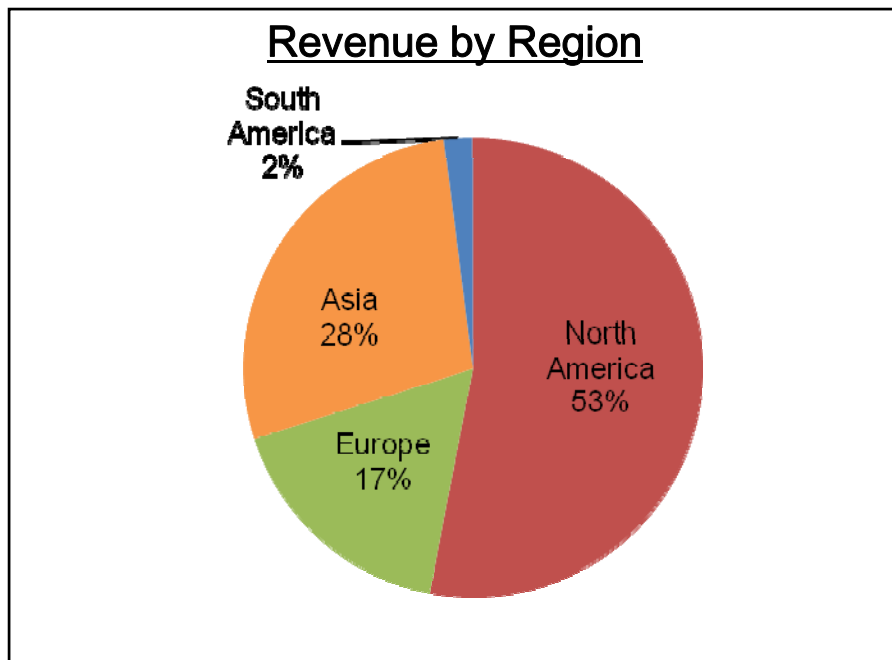
- **Company Update**
 - *Matt Simoncini, President and CEO*
- **Financial Results and Outlook**
 - *Jeff Vanneste, SVP and CFO*
- **Summary**
 - *Matt Simoncini, President and CEO*
- **Q and A Session**

Third Quarter 2014 Highlights

- Record third quarter financial results
 - Sales of \$4.2 billion, up 8% from a year ago versus global industry production growth of 3%
 - Core operating earnings of \$251 million, up 22%
 - Margins up from a year ago in both Seating and Electrical
 - Ninth consecutive quarter of year-over-year earnings improvement
 - Adjusted earnings per share of \$1.93, up 33%
 - Returned \$119 million to shareholders through share repurchases and dividends
 - Announced agreement to acquire Eagle Ottawa, the world's leading supplier of automotive leather

Eagle Ottawa Business Profile

- World's largest supplier of leather to the automotive industry
 - Leading supplier in North America and Asia and a top supplier in Europe
- Renowned for superior quality, product innovation and craftsmanship
- Annual sales of approximately \$1 billion
- Revenue is well diversified by region and by customer



Eagle Ottawa Transaction Summary

Valuation

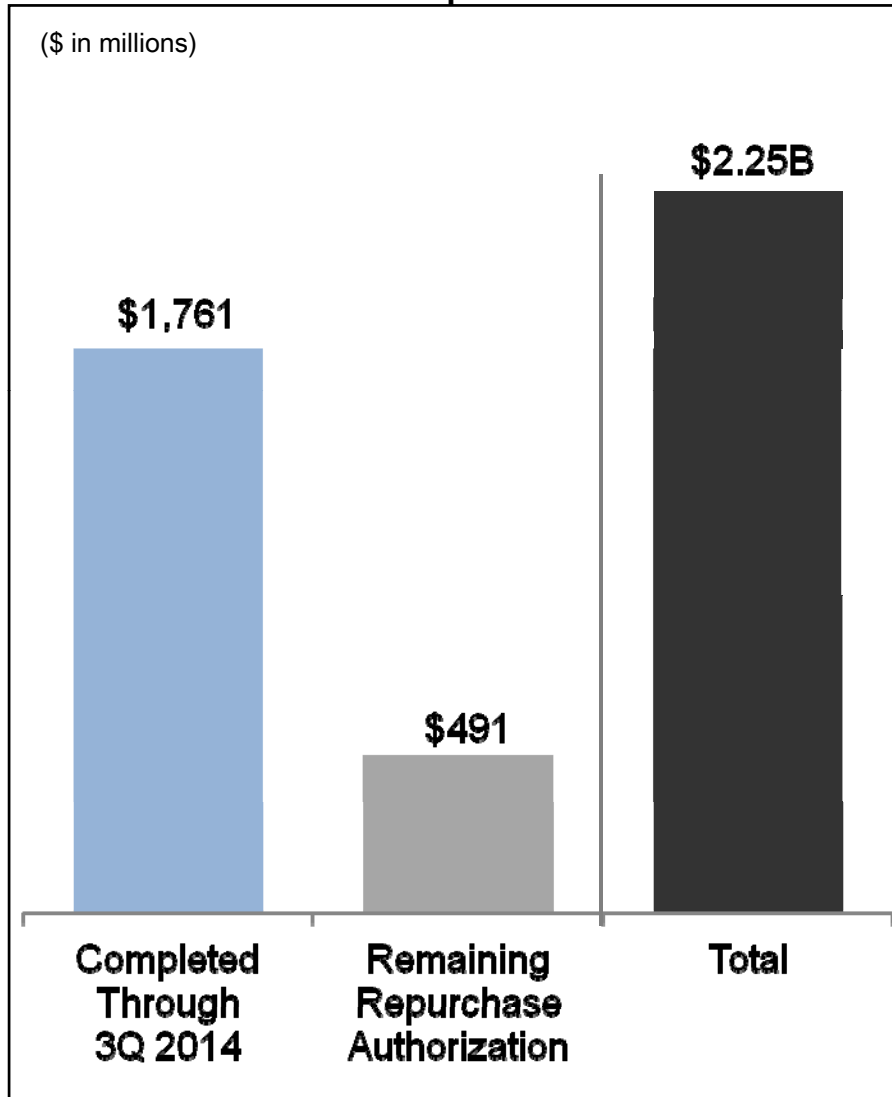
- Purchase 100% of the stock of Eagle Ottawa in an all cash deal valued at \$850 million on a cash free/debt free basis
- Excluding synergies — 2015E EV/EBITDA \approx 6X
- Expected to close in the first quarter of 2015, subject to regulatory requirements
- Estimated to be accretive by approximately 5% to EPS, excluding synergies

Consistent with Lear's Strategy and Financial Metrics

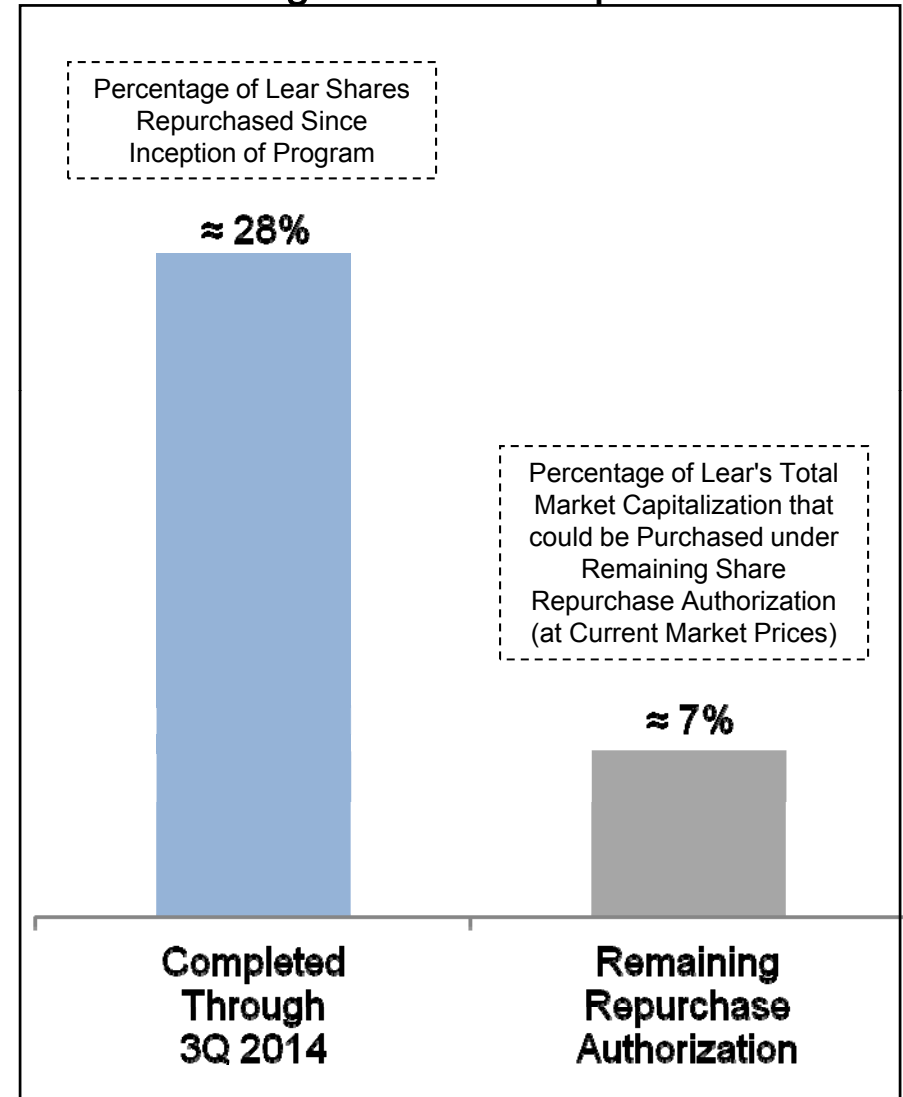
- Strengthens Lear's overall Seating business, with sales growing faster than industry production
- Consistent with stated capital allocation plan, allowing Lear to continue to return cash to shareholders
- Resulting gross leverage below target of 1.5x EBITDA

Share Repurchase Summary

Share Repurchases



Percentage of Shares Repurchased



Financial Results and Outlook



Third Quarter 2014 Global Vehicle Production

(Units in millions)

	Third Quarter 2014	
	Actual	Change From Prior Year
China	5.0	up 10%
Europe and Africa	4.6	up 1%
North America	4.2	up 8%
India	0.9	up 4%
Brazil	0.8	down 17%
Russia	0.4	down 21%
Global	20.4	up 3%

Source: IHS Automotive October 2014



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Third Quarter 2014 Reported Financials

(\$ in millions, except per share amounts)	<i>Third Quarter</i>		<i>2014 B/(W)</i>
	<i>2013</i>	<i>2014</i>	<i>2013</i>
Net Sales			
Europe and Africa	\$ 1,472.8	\$ 1,616.5	10 %
North America	1,503.1	1,679.2	12 %
Asia	692.9	735.4	6 %
South America	248.9	201.6	(19)%
Global	\$ 3,917.7	\$ 4,232.7	8 %
Pretax Income Before Equity Income, Interest and Other Expense	\$ 193.0	\$ 224.5	16 %
Pretax Income Before Equity Income	\$ 158.7	\$ 197.7	25 %
Net Income Attributable to Lear	\$ 112.8	\$ 140.1	24 %
Diluted Earnings per Share Attributable to Lear	\$ 1.38	\$ 1.72	25 %
SG&A % of Net Sales	3.3%	3.0%	
Equity Income	\$ (9.2)	\$ (7.8)	\$ (1.4)
Interest Expense	\$ 17.5	\$ 15.7	\$ 1.8
Other Expense, Net	\$ 16.8	\$ 11.1	\$ 5.7
Depreciation / Amortization	\$ 72.9	\$ 79.9	\$ (7.0)

Third Quarter 2014

Impact of Restructuring and Other Special Items

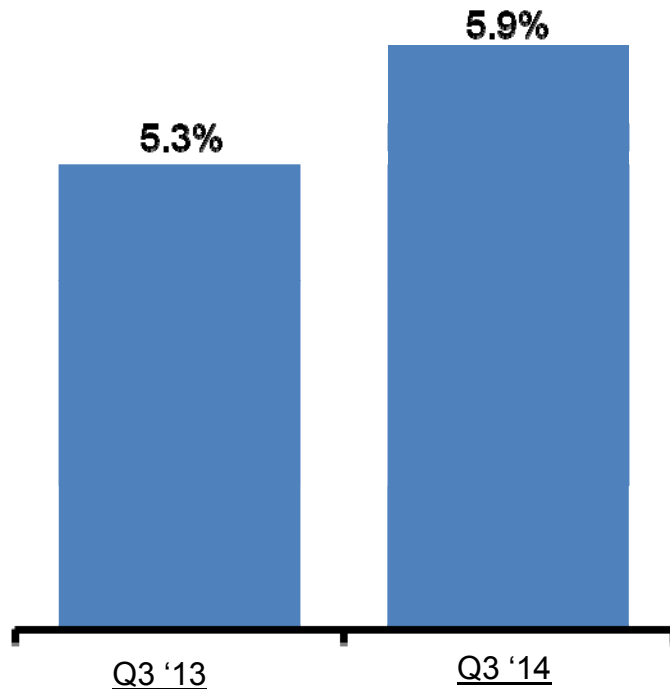
(\$ in millions, except per share amounts)

	Third Quarter 2014			Adjusted
	Reported	Restructuring Costs	Other Special Items	
Pretax Income Before Equity Income, Interest and Other Expense	\$ 224.5	\$ 21.4*	\$ 5.5*	\$ 251.4
Equity Income	(7.8)			(7.8)
Pretax Income Before Interest and Other Expense	\$ 232.3			\$ 259.2
Interest Expense	15.7		(1.0)	14.7
Other Expense, Net	11.1	(1.0)	5.2	15.3
Income Before Taxes	\$ 205.5			\$ 229.2
Income Taxes	57.6	4.2	2.7	64.5
Net Income	\$ 147.9			\$ 164.7
Noncontrolling Interests	7.8			7.8
Net Income Attributable to Lear	\$ 140.1			\$ 156.9
Diluted Earnings per Share	\$ 1.72			\$ 1.93

* Restructuring costs include \$20.7 million in COGS and \$0.7 million in SG&A. Other special items include \$2.6 million in COGS and \$2.9 million in SG&A.

Third Quarter 2014 Adjusted Margins and Segment Detail

Total Company Adjusted Margins



(\$ in millions)

Sales	\$ 3,917.7	\$ 4,232.7
Earnings	\$ 193.0	\$ 224.5
Adj. Earnings	\$ 206.5	\$ 251.4

Seating

- Sales up 10% to \$3.2 billion
- Adjusted segment earnings of \$176 million, up 14%
- Adjusted segment margins up 10 basis points from a year ago to 5.5%

Electrical

- Sales up 2% to \$1.0 billion
- Adjusted segment earnings of \$139 million, up 24%
- Record adjusted segment margins of 13.3%, up 240 basis points from a year ago
- 20th consecutive quarter of year-over-year margin improvement

Reported earnings represent pretax income before equity income, interest and other expense. Adjusted earnings represent reported earnings adjusted for restructuring costs and other special items.

Third Quarter 2014

Free Cash Flow

	Third Quarter 2014
(\$ in millions)	
Net Income Attributable to Lear	\$ 140.1
Depreciation / Amortization	79.9
Working Capital and Other	<u>16.7</u>
Net Cash Provided by Operating Activities	\$ 236.7
Capital Expenditures	<u>(91.7)</u>
Free Cash Flow	<u><u>\$ 145.0</u></u>

2014 Vehicle Production and Currency Assumptions

(Units in millions)

	<u>2013</u>	<u>2014 Outlook</u>	<u>YOY Change</u>	<u>Change From Prior Outlook</u>
China	19.4	21.3	up 9%	flat
Europe and Africa	19.8	20.4	up 3%	flat
North America	16.2	17.0	up 5%	flat
India	3.6	3.6	flat	down 1%
Brazil	3.5	3.0	down 13%	down 6%
Russia	2.1	1.8	down 13%	down 5%
Global	82.8	85.5	up 3%	flat
<u>Key Currency</u>				
Euro	\$ 1.33 / €	\$ 1.33 / €	flat	down 3%

2014 vehicle production estimates based on IHS Automotive October 2014 production forecast and Company estimates

2014 Financial Outlook

	2014 Financial Outlook
Net Sales	≈ \$17.7 billion
Core Operating Earnings	\$1,010 to \$1,040 million
Depreciation and Amortization	≈ \$310 million
Interest Expense	≈ \$65 million
Pretax Income before restructuring costs and other special items	\$940 to \$970 million
Tax Expense excluding restructuring costs and other special items	\$270 to \$285 million
Adjusted Net Income Attributable to Lear	\$640 to \$655 million
Restructuring Costs	≈ \$100 million
Capital Spending	≈ \$450 million
Free Cash Flow	≈ \$450 million

Summary

Summary

- Continued positive momentum with record 3Q results
 - Sales up 8%
 - Core operating earnings up 22% and adjusted EPS up 33%
 - Company operating margin of 5.9%, up 60 basis points from a year ago
 - Year-over-year margin improvement in Seating
 - Record margins in Electrical; 20th consecutive quarter of year-over-year margin improvement
- Announced acquisition of Eagle Ottawa to strengthen and grow Lear's Seating business
- Strong financial position supports continued strategic investment and return of cash to shareholders for value creation

Non-GAAP Financial Information

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest and other expense,” “pretax income before equity income, interest, other expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “pretax income before restructuring costs and other special items,” “adjusted net income attributable to Lear,” “adjusted diluted net income per share attributable to Lear” (adjusted earnings per share), “tax expense excluding the impact of restructuring costs and other special items” and “free cash flow” (each, a non-GAAP financial measure). Other expense includes, among other things, non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the extinguishment of debt and gains and losses on the disposal of fixed assets. Adjusted net income attributable to Lear and adjusted earnings per share represent net income attributable to Lear and diluted net income per share attributable to Lear, respectively, adjusted for restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities less capital expenditures.

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 pretax income before equity income, interest and other expense, core operating earnings, pretax income before restructuring costs and other special items, adjusted net income attributable to Lear, adjusted earnings per share and tax expense excluding the impact of 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 performance 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 future periods.

Pretax income before equity income, interest and other expense, core operating earnings, pretax income before restructuring costs and other special items, adjusted net income attributable to Lear, adjusted earnings per share, tax expense excluding the impact of restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income before equity income, net income attributable to Lear, diluted net income per share attributable to Lear, 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 slides 11 and 13, as well as 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 other expense 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

Pretax Income before Equity Income, Interest and Other Expense

(\$ in millions)	Three Months	
	Q3 2013	Q3 2014
Pretax income before equity income	\$ 158.7	\$ 197.7
Interest expense	17.5	15.7
Other expense, net	16.8	11.1
Pretax income before equity income, interest and other expense	\$ 193.0	\$ 224.5

Non-GAAP Financial Information

Adjusted Segment Earnings

(\$ in millions)	Three Months Q3 2013		
	Seating	Electrical	Total
Sales	\$ 2,891.7	\$ 1,026.0	\$ 3,917.7
Segment earnings	\$ 142.8	\$ 111.6	\$ 193.0
Costs related to restructuring actions	12.3	0.6	13.1
Other	-	-	0.4
Adjusted segment earnings	\$ 155.1	\$ 112.2	\$ 206.5
Adjusted segment margin	5.4%	10.9%	5.3%
	Three Months Q3 2014		
	Seating	Electrical	Total
Sales	\$ 3,188.4	\$ 1,044.3	\$ 4,232.7
Segment earnings	\$ 154.9	\$ 136.7	\$ 224.5
Costs related to restructuring actions	18.6	2.3	21.4
Acquisition and other related costs	-	-	2.7
Other	2.6	-	2.8
Adjusted segment earnings	\$ 176.1	\$ 139.0	\$ 251.4
Adjusted segment margin	5.5%	13.3%	5.9%