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First-Quarter Results and Full-Year 2008 Financial Outlook

April 29, 2008



Agenda

- ▶▶ **Business Conditions**
 - *Jim Vandenberghe, Vice Chairman*

- ▶▶ **First-Quarter Results and Full-Year 2008 Outlook**
 - *Matt Simoncini, SVP and Chief Financial Officer*

- ▶▶ **Summary and Outlook**
 - *Bob Rossiter, Chairman, CEO and President*

- ▶▶ **Q and A Session**

Business Conditions

Business Conditions

Global Automotive Industry Environment*



- ▶▶ Global industry production for 2008 is projected to be up 3%, driven by solid growth in emerging markets
- ▶▶ Business conditions in North America remain challenging:
 - 2008 industry production forecasted at the lowest level since 1993
 - Shifts in consumer purchasing patterns, away from full-size pickups and large SUVs and toward crossovers and passenger cars
 - Increasing energy and commodity prices
 - Adverse impact of labor disruptions
 - Increasing financial distress within supply base
- ▶▶ Industry is implementing major restructuring initiatives, further consolidation and globalization strategies to improve longer-term results

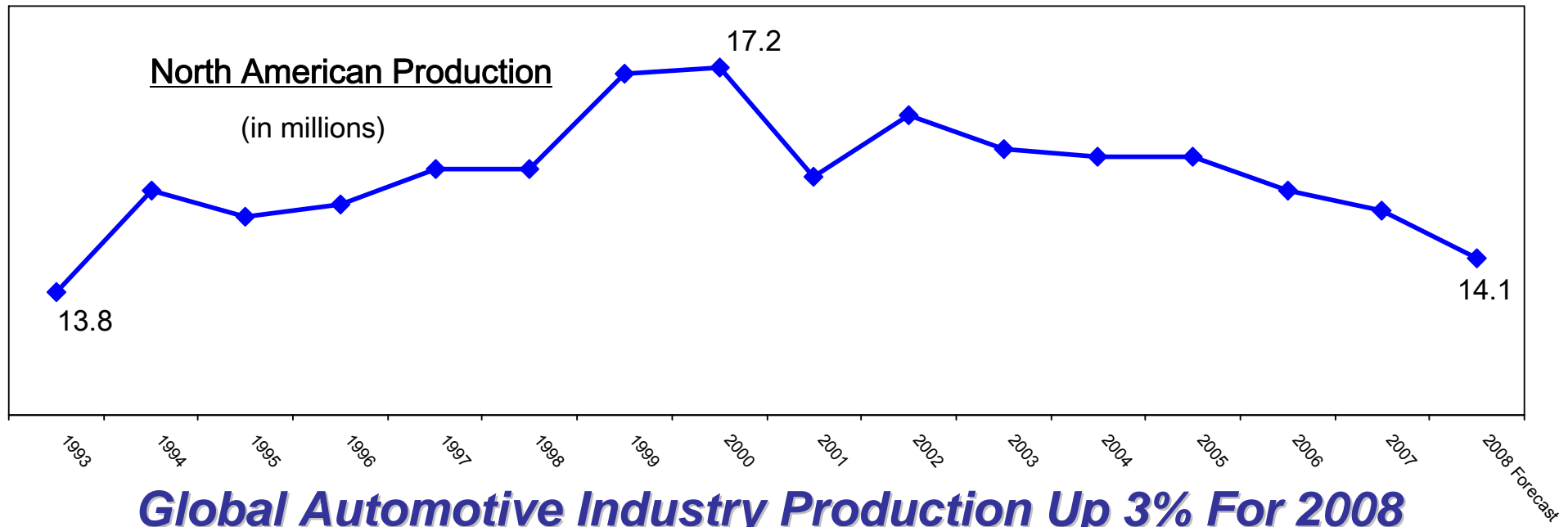
Business Conditions

2008 Outlook for Industry Production*



2008 Industry Production Forecast
(in millions of vehicles)

<u>Major Market</u>	<u>2008</u>	<u>B/(W) 2007</u>
North America	14.1	(6)%
Europe	20.2	0%
China	7.8	13%
Brazil	3.0	12%
India	2.5	31%
Russia	1.8	19%
Global	70.6	3%



Global Automotive Industry Production Up 3% For 2008

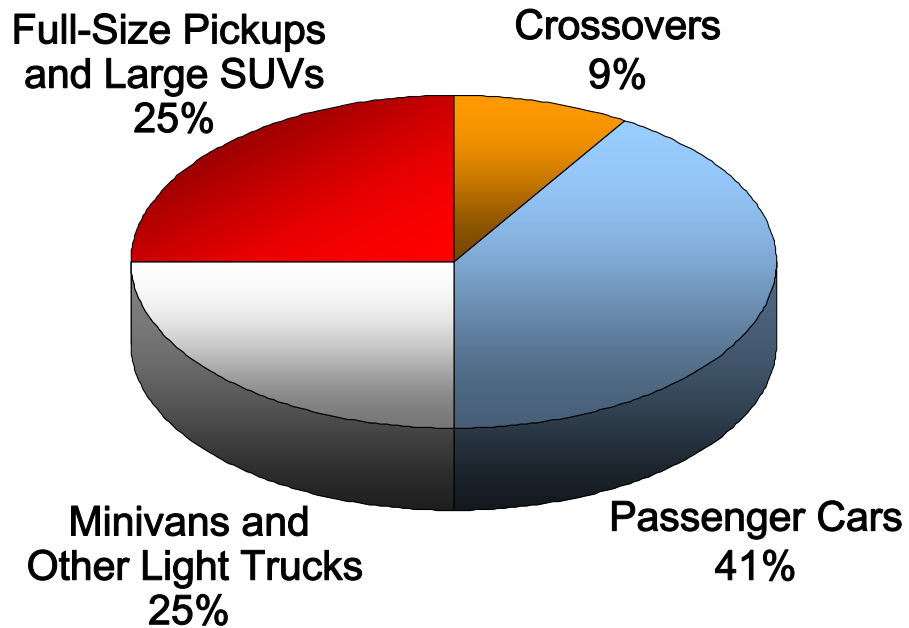
Source: CSM Worldwide & Company Estimates

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

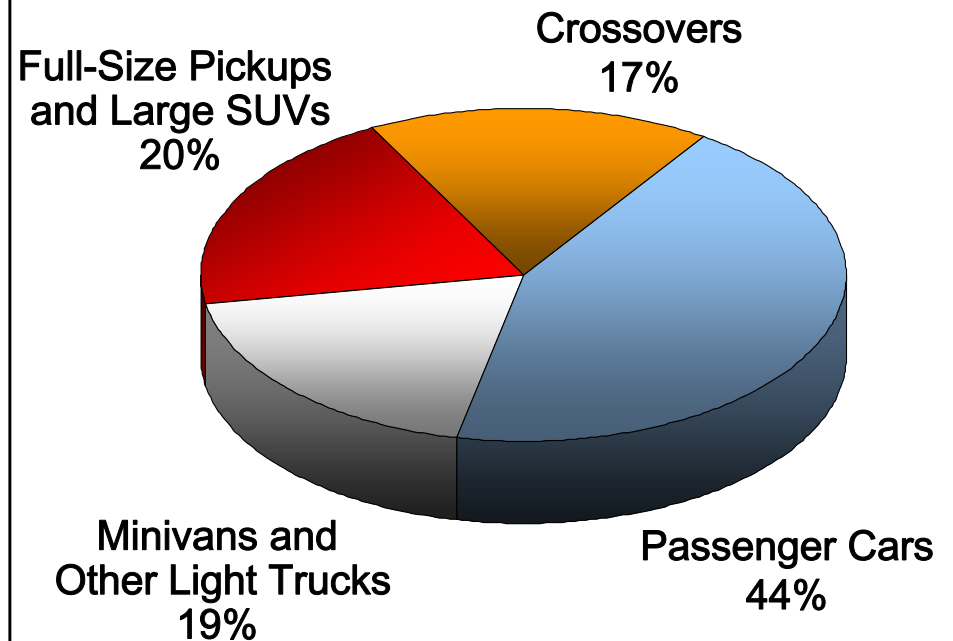
Business Conditions

Composition of North American Market Changing*

2004



2008 Outlook



**North American Production Mix Shifting To
Smaller, More Fuel-Efficient Vehicles**

Source: Ward's AutoInfoBank and company estimates

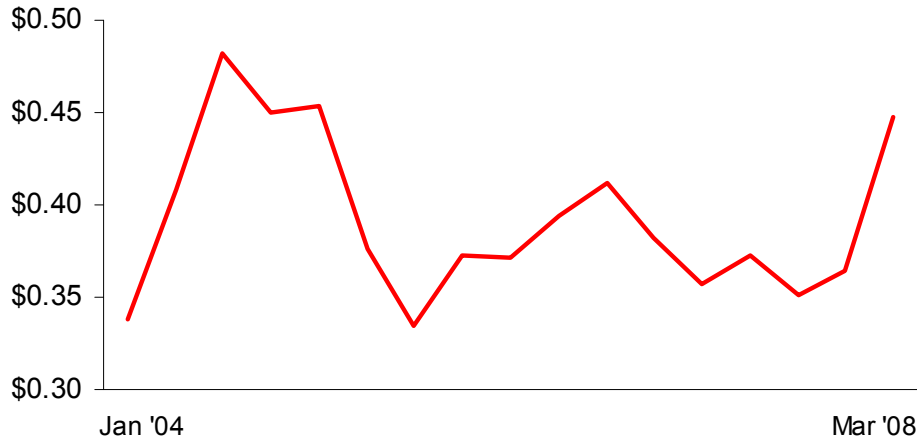
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Business Conditions

Key Commodity Price Trends Since 2004

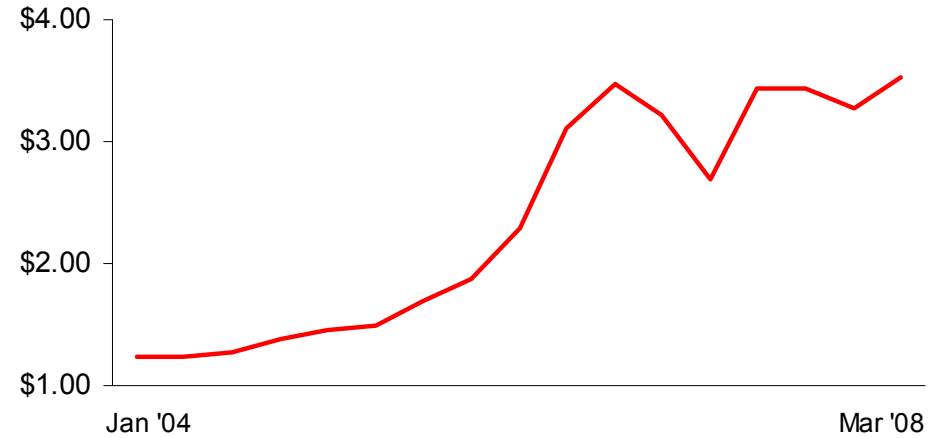


Steel (Hot Roll)



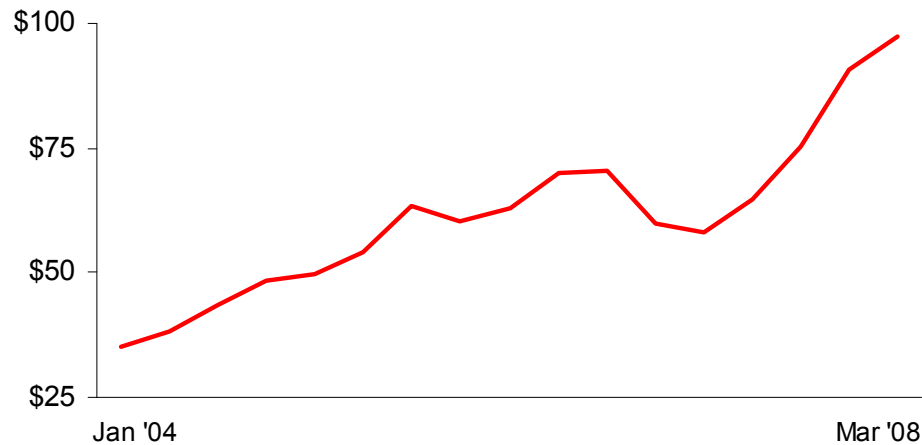
Source: AAM
Steel pricing includes processing fee

Copper



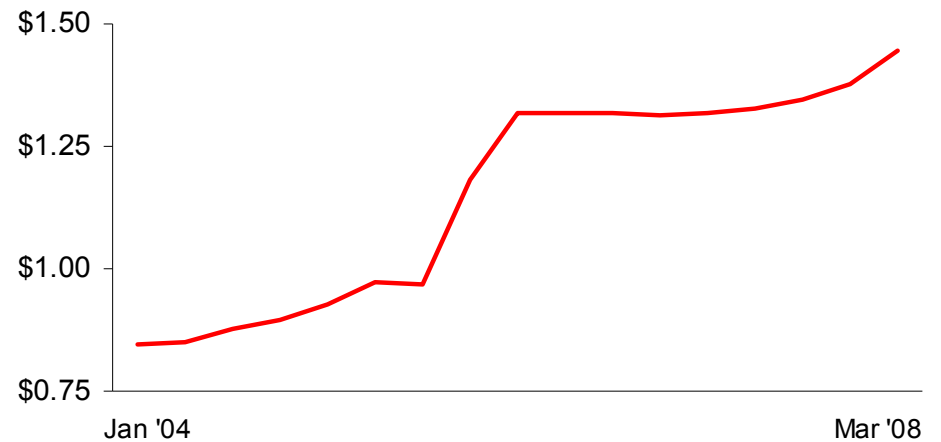
Source: NYMEX

Crude Oil



Source: AAM (LME)

Foam Chemicals



Source: ICIS
Foam price is estimated based on isocyanates and polyols

Note: Quarterly average prices

Business Conditions

Monitoring and Managing Supply Chain*

- ▶▶ Lear has been pro-active in monitoring and managing supply chain for several years
- ▶▶ Actions have included supply base compression, value engineering, selective in-sourcing and managing contractual terms
- ▶▶ Lear significantly decreased its exposure to resins and supplier issues with the divestiture of its Interior business
- ▶▶ Focused effort on containing increased distressed supplier and commodity cost issues within full-year outlook

Pro-Active Supply Chain Management Minimizes Risk

Benefits of Lear's Global Organization Structure*

During the first quarter, Lear implemented a new global operating structure for its Seating and Electrical and Electronic business units. This structure . . .

- ▶▶ Best aligns Lear with global strategies of major customers
- ▶▶ Allows Lear to take full advantage of its global scale
- ▶▶ Leverages worldwide engineering and product development resources and enables Lear to access the lowest cost manufacturing and sourcing available

Significant Opportunity To Increase Low-Cost Engineering And Sourcing With Global Product Groups

First-Quarter Results and Full-Year 2008 Outlook

First Quarter 2008 Financial Highlights*

First-Quarter 2008 Results Improve

- ▶▶ Net sales in core business of \$3.9 billion, up 2%
- ▶▶ Core operating earnings of \$187 million, up 10%**
- ▶▶ Free cash flow of \$(31) million**

Major Factors Impacting First-Quarter 2008 Results

- ▶▶ Impact of major supplier strike (\approx 90,000 units of lost production)
- ▶▶ Increased benefit from restructuring
- ▶▶ Strong underlying operating performance
- ▶▶ Timing of commercial settlements

Full-Year 2008 Earnings Outlook Unchanged

- ▶▶ Favorable foreign exchange driving increase in full-year revenue forecast (from \$15.0 to \$15.5 billion) partially offset by lower full-year N.A. industry production
- ▶▶ Favorable operating performance and foreign exchange offset by lower full-year N.A. industry production (14.1 vs. 14.4 million) and increasing commodity costs

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

** Core operating earnings represents income before interest, other expense, income taxes, restructuring costs and other special items, excluding the divested Interior business. Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures.

First Quarter 2008 Industry Environment



	<u>First Quarter 2008</u>	<u>First Quarter 2008 vs. 2007</u>
<u>North American Production</u>		
Industry	3.5 mil	down 8%
Domestic Three	2.1 mil	down 13%
Lear's Top 15 Platforms	0.8 mil	down 16%
<u>European Production</u>		
Industry	5.2 mil	flat
Lear's Top 5 Customers	2.7 mil	down 2%
<u>Key Commodities (Quarterly Average)</u>		
	<u>vs. Prior Quarter</u>	
Steel (Hot Rolled)	up 23%	up 25%
Copper	up 8%	up 31%
Crude Oil	up 7%	up 67%
Foam-Related Chemicals	up 5%	up 10%

First Quarter 2008 Reported Financials



(in millions, except net income per share)

	<i>First Quarter 2008</i>	<i>First Quarter 2007</i>	<i>1Q '08 B/(W) 1Q '07</i>
Net Sales	\$3,857.6	\$4,406.1	(\$548.5)
Income Before Interest, Other Expense and Income Taxes*	\$162.9	\$184.4	(\$21.5)
Pretax Income	\$109.5	\$82.3	\$27.2
Net Income	\$78.2	\$49.9	\$28.3
Net Income Per Share	\$1.00	\$0.64	\$0.36
SG&A % of Net Sales	3.5 %	2.9 %	(0.6) pts.
Interest Expense	\$47.4	\$51.5	\$4.1
Depreciation / Amortization	\$74.5	\$74.5	\$0.0
Other Expense, Net	\$6.0	\$25.0	\$19.0

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

First Quarter 2008 Restructuring Impact*



(in millions)

Reported Results

First Quarter
Income Before Interest,
Other Expense
and Income Taxes

2008 Total Company	\$ 162.9
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Reported Results Include the Following Items:

Costs related to restructuring actions	\$ 23.6
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2008 Core Operating Earnings	\$ 186.5
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2007 Core Operating Earnings	\$ 170.2
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Income Statement Category

<u>COGS</u>	<u>SG&A</u>
\$ 22.8	\$ 0.8

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First Quarter 2008

Net Sales Changes and Margin Impact

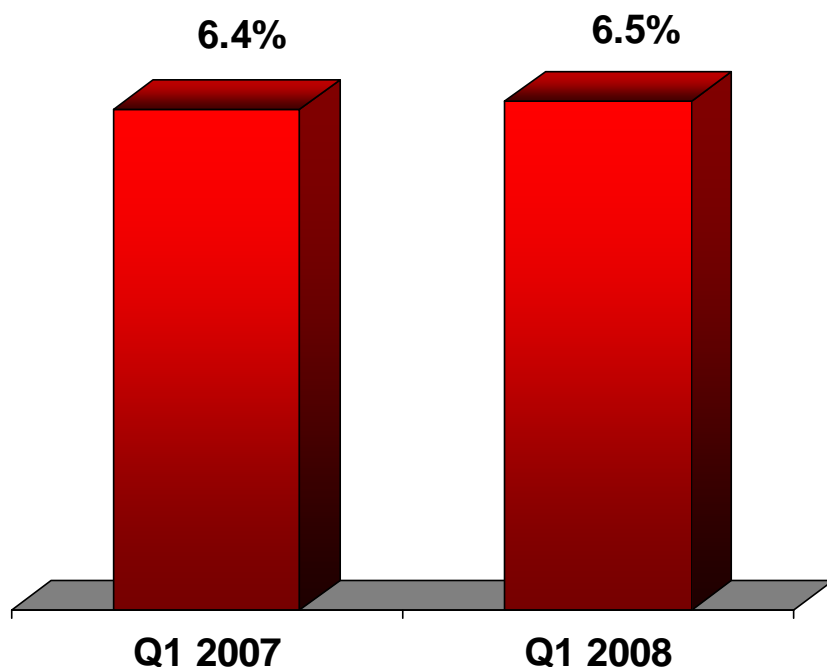
<u>Performance Factor</u>	<u>Net Sales Change</u> (in millions)	<u>Margin Impact</u>	<u>Comments</u>
Industry Production / Platform Mix / Net Pricing	\$ (323)	Negative	Lower production in North America, including impact of major supplier strike
Global New Business	96	Neutral	Primarily outside of North America
F/X Translation	285	Neutral	Euro up 14%, Canadian dollar up 17%
Acquisition / Divestiture	(607)	Positive	Divestiture of Interior business
Performance		Positive	Favorable operating performance, including efficiency actions and benefits from restructuring actions

First Quarter 2008 Seating Performance*



Adjusted Seating Segment Margins

First Quarter



(in millions)

Sales	\$2,994.2	\$3,036.1
Earnings**	\$ 197.1	\$ 183.3
Adj. Earnings**	\$ 192.5	\$ 196.9

Explanation of Year-to-Year Change

Sales Factors

Increase driven by favorable foreign exchange and the benefit of new business about offset by lower production in North America

Margin Performance

Slight improvement reflecting favorable cost performance, increased savings from restructuring and the timing of commercial settlements, largely offset by lower production in North America

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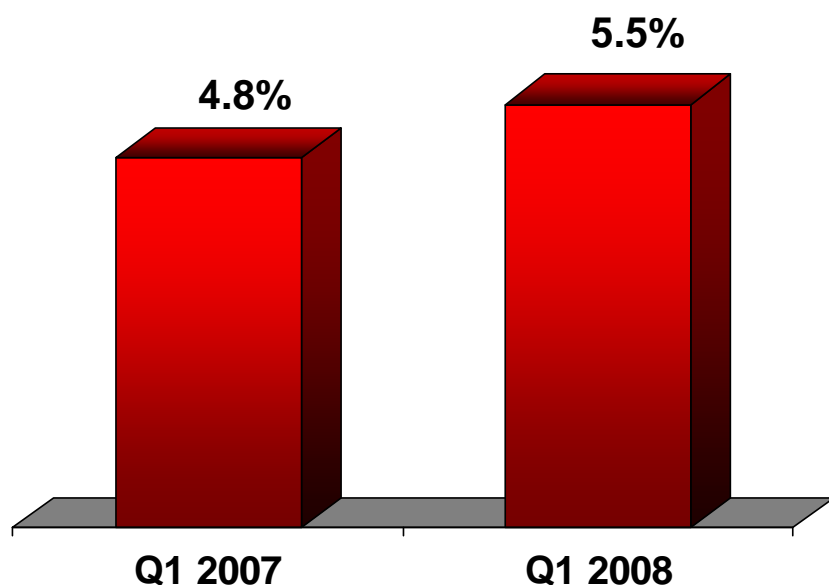
** Reported segment earnings represents income before interest, other expense and income taxes; adjusted segment earnings represents reported segment earnings adjusted for restructuring costs and other special items.

First Quarter 2008 Electrical and Electronic Performance*



Adjusted Electrical and Electronic Segment Margins

First Quarter



(in millions)

Sales	\$ 788.7	\$ 821.5
Earnings**	\$ 17.5	\$ 35.3
Adj. Earnings**	\$ 37.5	\$ 44.8

Explanation of Year-to-Year Change

Sales Factors

Increase driven by favorable foreign exchange partially offset by lower production in North America

Margin Performance

Improvement reflecting favorable operating performance, including savings from restructuring and the net impact of legal and commercial claims, partially offset by lower production in North America

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** Reported segment earnings represents income before interest, other expense and income taxes; adjusted segment earnings represents reported segment earnings adjusted for restructuring costs and other special items.

First Quarter 2008

Free Cash Flow*



(in millions)

	First Quarter 2008
Net Income	\$ 78.2
Depreciation / Amortization	74.5
Working Capital / Other	<u>(138.6)</u>
Cash from Operations	\$ 14.1
Capital Expenditures	<u>(45.5)</u>
Free Cash Flow	<u><u>\$ (31.4)</u></u>

* Free cash flow represents net cash provided by operating activities (\$125.8 million for the three months ended 3/29/08) before net change in sold accounts receivable ((\$111.7) million for the three months ended 3/29/08) (Cash from Operations), less capital expenditures. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

2008 Outlook

Full-Year Production Assumptions*



	<u>Full-Year 2008 Outlook</u>	<u>Change from Prior Year</u>
<u>North American Production</u>		
Total Industry	≈14.1 mil	down 6%
Domestic Three	≈8.5 mil	down 10%
Lear's Top 15 Platforms	≈3.4 mil	down 16%
<u>European Production</u>		
Total Industry	≈20.2 mil	flat
Lear's Top 5 Customers	≈10.2 mil	down 1%
Euro	\$1.52 / Euro	up 11%

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

2008 Outlook

Full-Year Financial Forecast*



	<u>2008 Full-Year Financial Forecast</u>
<u>Net Sales</u>	≈ \$15.5 billion
<u>Core Operating Earnings</u>	\$660 to \$700 million
Income before interest, other expense, income taxes, restructuring costs and other special items	
<u>Interest Expense</u>	\$185 to \$195 million
<u>Pretax Income</u>	\$430 to \$470 million
before restructuring costs and other special items	
<u>Estimated Tax Expense</u>	≈ \$135 million **
<u>Pretax Restructuring Costs</u>	≈ \$100 million
<u>Capital Spending</u>	\$255 to \$275 million
<u>Depreciation and Amortization</u>	≈ \$300 million
<u>Free Cash Flow</u>	≈ \$250 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 earnings by country.

Summary and Outlook

First Quarter 2008 Summary

- ▶▶ Continuation of solid global operating performance, despite industry challenges in North America
- ▶▶ Implemented global operating structure for business units, including the relocation of global seat engineering and purchasing positions to China
- ▶▶ Completed strategic review of electrical and electronic business; improvement plan underway
- ▶▶ Continued global sales diversification; expanded footprint in low-cost regions
- ▶▶ Continued emphasis on and recognition for excellence in quality, service and innovation

Electrical and Electronic Strategy Update*

- ▶▶ Completed a comprehensive global strategic review
- ▶▶ Established global organizational structure
 - Global product line strategy and responsibility
- ▶▶ Executing restructuring plan and evaluating investment opportunities
 - Manufacturing and infrastructure cost reduction, further moves to low-cost regions
- ▶▶ Implementing Global Centers of Excellence
 - Global technology focus vs. regional concentration
- ▶▶ Aggressive pursuit of global sales growth and diversification:
 - In core products of electrical distribution systems, smart junction boxes, terminals and connectors, wireless products and select body electronics
 - In new technologies such as hybrid electric systems and high-voltage components

Continuing to Evolve Low-Cost Footprint*

- ▶▶ New seat foam plant in Wuhu, China
- ▶▶ New seat trim facility in Hai Phong, Vietnam
- ▶▶ Expanded Electrical & Electronic production at WOFE in Shanghai, China
- ▶▶ Other new low-cost facilities being established in Asia, Eastern Europe, Morocco and Mexico



Wuhu Foam Plant



Hai Phong Trim Facility



Expanding Shanghai, China Campus

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

Recognized as an Industry Leader



"Supplier of the Year" for global Seating Systems



3 Silver "World Excellence Awards" – Genk, Belgium, St. Thomas, Ontario, Canada and Liberty, Missouri

"Supplier Recognition" for significant cost results in Brazil



"Highest rated seat supplier"



"VW Group Award 2008 for Enterprise Performance, Excellence in Development and Logistics" in Puebla, Mexico



"A- Level Supplier Status" at Lear Shenyang plant



Mercedes-Benz

"Supplier of the Year 2007" for Best JiT Supplier LEAR East London



"Quality Achievement Performance Certificate 2007" in Argentina

"2007 Supplier of the Year" in Kolin, Czech Republic



"Customer Appreciation" cut and sew operation in Halol, India



"Award for Excellent Service and Outstanding Performance in 2007" in Montgomery, Alabama



Lear's ProTecPLuS™ a finalist for Automotive News PACE Award; SoyFoam™ received honorable mention

Summary and Outlook*

- ▶▶ **Business structure improvements being aggressively implemented to improve long-term competitiveness:**
 - Divested Interior business; retained minority interest
 - Aggressive actions to improve cost structure since 2005
 - Sales diversification; expanding low-cost footprint
 - Adopted global operating structure for business units
 - Implementing improvement plan for electrical and electronics

- ▶▶ **First-quarter 2008 financial results improve:**
 - Net sales in core businesses of \$3.9 billion, up 2%
 - Core operating earnings of \$187 million, up 10%
 - Fifth consecutive quarter of year-over-year improvement
 - Continued focus on quality, service and innovation

- ▶▶ **Full-year 2008 outlook unchanged, with favorable operating performance and foreign exchange offset by lower full-year N.A. industry production and increasing commodity costs**

- ▶▶ **Longer-term financial outlook continues to be positive**

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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,” “income before interest, other expense, income taxes, restructuring costs and other special items, excluding the divested Interior business” (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, non-income related taxes, foreign exchange gains and losses, discounts and expenses 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

Core Operating Earnings

(in millions)	Three Months	
	Q1 2008	Q1 2007
Pretax income	\$ 109.5	\$ 82.3
Divestiture of Interior business	-	25.6
Interest expense	47.4	51.5
Other expense, net *	6.0	25.0
Income before interest, other expense and income taxes	\$ 162.9	\$ 184.4
Restructuring costs and other special items -		
Costs related to restructuring actions	23.6	15.8
Additional costs related to Interior divestiture (COS and SG&A)	-	8.2
Costs related to merger transaction	-	9.4
U.S. salaried pension plan curtailment gain	-	(36.4)
Less: Interior business	-	(11.2)
Income before interest, other expense, income taxes, restructuring costs and other special items, excluding the divested Interior business (core operating earnings)	\$ 186.5	\$ 170.2

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

Non-GAAP Financial Information

Segment Earnings Reconciliation

(in millions)	Three Months	
	Q1 2008	Q1 2007
Seating	\$ 183.3	\$ 197.1
Electrical and electronic	35.3	17.5
Interior	-	8.8
Segment earnings	218.6	223.4
Corporate and geographic headquarters and elimination of intercompany activity	(55.7)	(39.0)
Income before interest, other expense and income taxes	\$ 162.9	\$ 184.4
Divestiture of Interior business	-	25.6
Interest expense	47.4	51.5
Other expense, net	6.0	25.0
Pretax income	\$ 109.5	\$ 82.3

Non-GAAP Financial Information

Adjusted Segment Earnings

(in millions)	Three Months Q1 2008		Three Months Q1 2007	
	Seating	Electrical and Electronic	Seating	Electrical and Electronic
Sales	\$ 3,036.1	\$ 821.5	\$ 2,994.2	\$ 788.7
Segment earnings	\$ 183.3	\$ 35.3	\$ 197.1	\$ 17.5
Costs related to restructuring actions	13.6	9.5	(4.6)	20.0
Adjusted segment earnings	\$ 196.9	\$ 44.8	\$ 192.5	\$ 37.5

Non-GAAP Financial Information

Cash from Operations and Free Cash Flow

(in millions)	Three Months Q1 2008
Net cash provided by operating activities	\$ 125.8
Net change in sold accounts receivable	<u>(111.7)</u>
Net cash provided by operating activities before net change in sold accounts receivable (cash from operations)	14.1
Capital expenditures	<u>(45.5)</u>
Free cash flow	<u><u>\$ (31.4)</u></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, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, changes in the Company's current vehicle production estimates, 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 and duration of the American Axle strike, 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, timing and success of restructuring 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, the cost and availability of raw materials and energy, the Company's ability to mitigate any 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 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 2008 is based on several factors, including the Company's current vehicle production and raw material pricing assumptions. The Company's actual financial results could differ materially as a result of significant changes in these factors.

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.