



Fourth Quarter and Full Year 2004 Results and First Quarter 2005 Guidance

January 26, 2005

world's **leading** automotive interior **supplier**

▶ *advance relentlessly*

fast forward



Agenda

- ▶▶ Company Review
 - *Jim Vandenberghe, Vice Chairman*

- ▶▶ Financial Review and First Quarter 2005 Guidance
 - *Dave Wajsgras, SVP and CFO*

- ▶▶ Q & A

Company Review

Highlights – Full Year 2004

- ▶▶ Record net sales of \$17.0 billion, up 8% from 2003
- ▶▶ Net income of \$5.77 per share, up 9% from 2003 (see note below)
- ▶▶ Expanded infrastructure in Asia; grew sales with Asian automakers
- ▶▶ Increased low-cost country manufacturing and engineering capability
- ▶▶ Used cash flow to fund growth and return cash to shareholders
- ▶▶ Maintained strong balance sheet

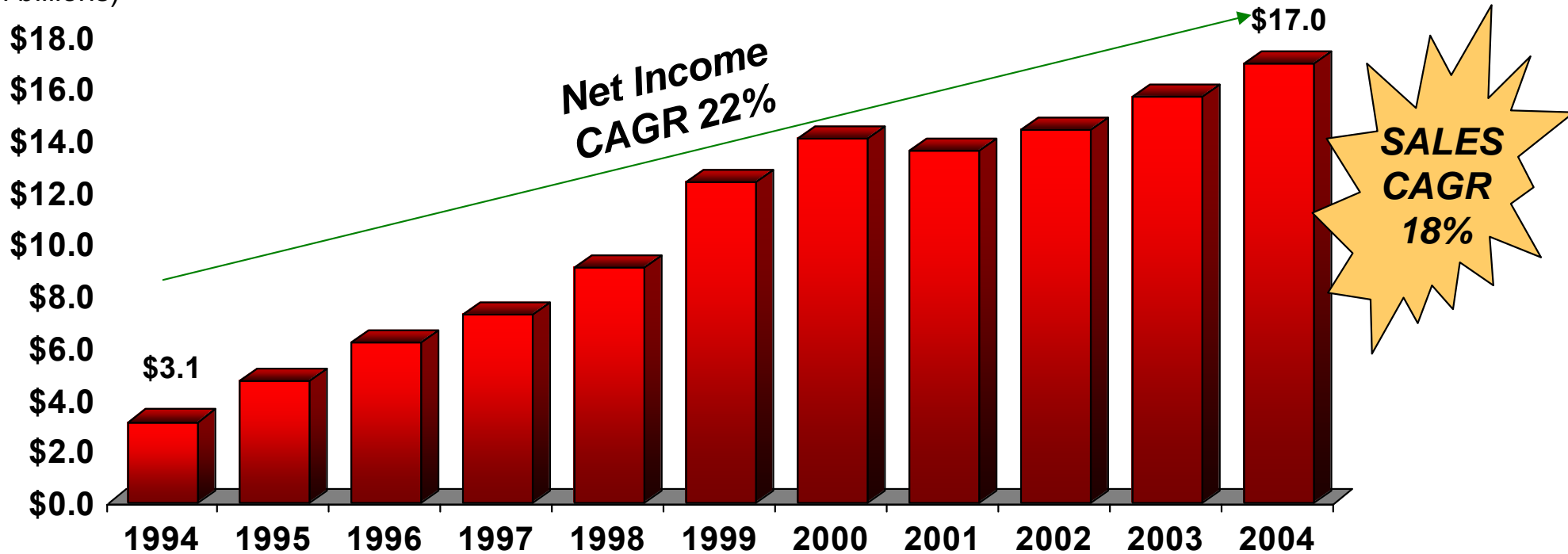
***Despite A Challenging Environment,
2004 Was Another Year Of Solid Progress For Lear***

Shareholder Value Scorecard

<i>Strategy</i>	<i>2004 Actions</i>
Invest in high return programs	Awarded significant new business Increased revenue in Asia
Pursue strategic acquisitions	Acquired terminals & connectors business Continued to grow joint ventures
Return cash to shareholders	Paid first-ever dividend Repurchased 1.8 million shares
Maintain strong balance sheet	Generated strong cash flow Achieved investment grade from Moody's

Lear's Strategy has Supported Rapid Growth

Net Sales
(in billions)



- ▶▶ Steadily increased net sales over the last ten years to \$17 billion in 2004
- ▶▶ Transformed from a seat assembly operation to one of the world's largest automotive interior systems suppliers
- ▶▶ 129 ranking and 23rd fastest growing company over the last ten years among the Fortune 500

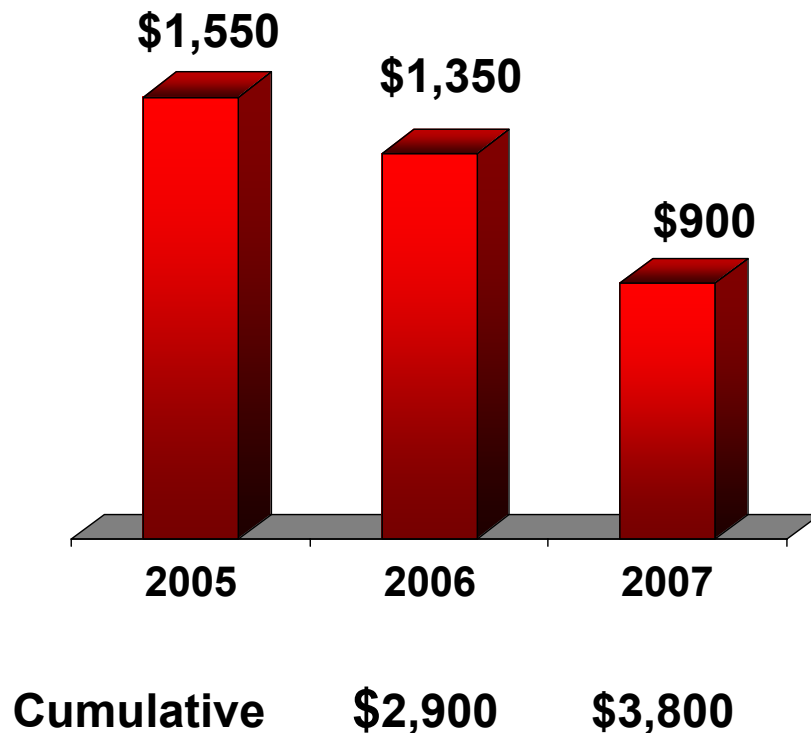
Perspective On 2005 Operating Environment*

	<u>First Quarter</u>	<u>Rest of Year</u>
Industry Production	North America down 5%, reflecting inventory correction; Europe also down	Neutral to improving, depending on consumer demand
Platform Mix	Very adverse	Moderately adverse
Raw Material Impact	Adverse	Negative impact moderates as cost offsets are implemented and negotiations concluded

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

Sales Backlog Supports Continued Growth

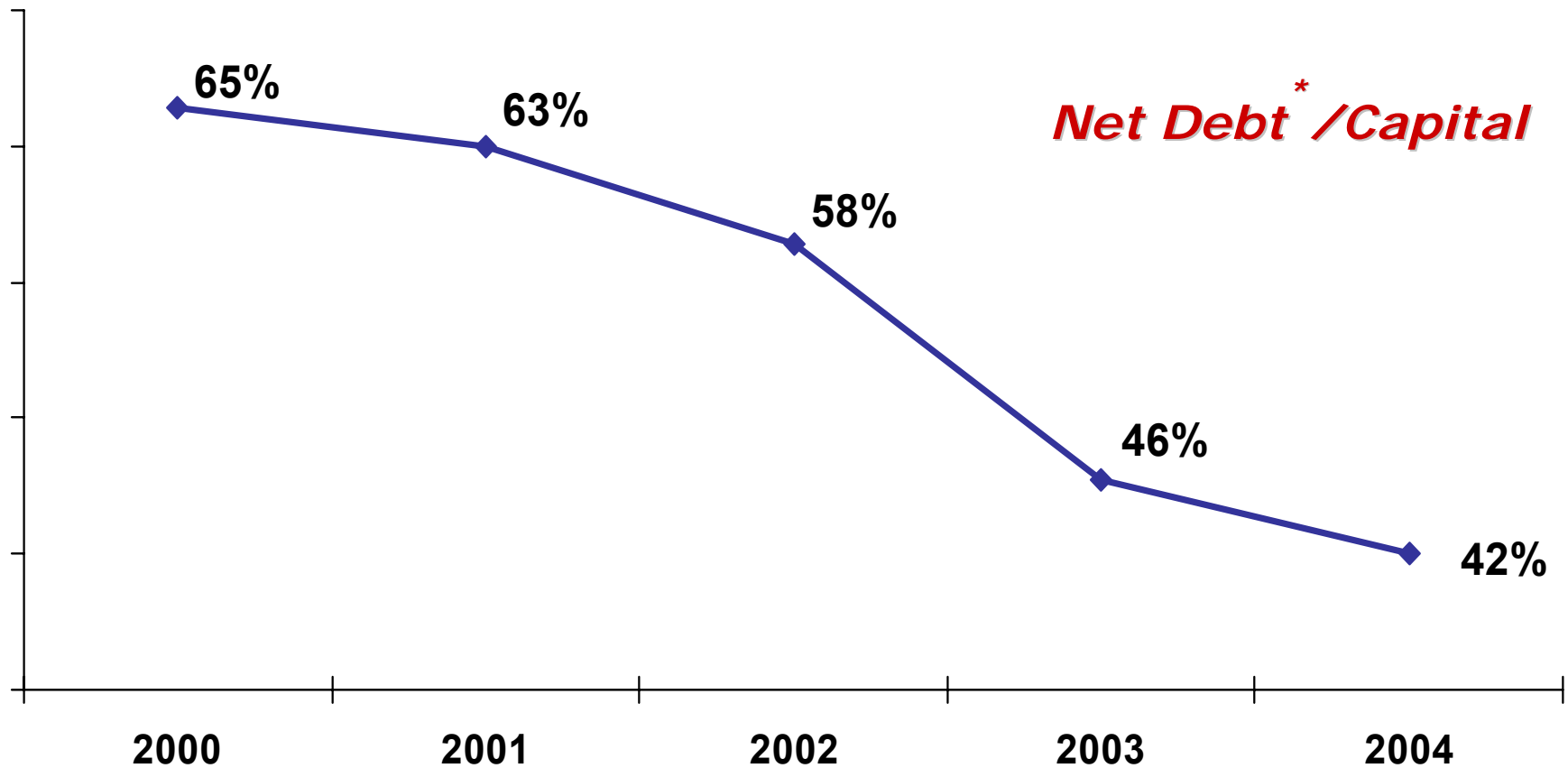
Sales Backlog*
(in millions)



- ▶▶ 2005 backlog up \$150 million from last year on a comparable basis
- ▶▶ Three-year backlog up \$750 million from last year on a comparable basis
- ▶▶ Upside opportunity in 2007 from open sourcing

***Net New Business Supports Continued Growth
And Diversification Of Sales***

Continuing to Strengthen Financial Position



* Net debt represents total debt plus utilization of our ABS facility, less cash and cash equivalents. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Financial Review and First Quarter 2005 Guidance

Challenging Fourth Quarter Production Environment

North America


- ▶▶ Industry production down 2%
- ▶▶ Big Three down 5%

Europe

- ▶▶ Industry production down 2%
- ▶▶ Key Lear platforms had double-digit declines
- ▶▶ Euro 9% stronger than a year ago

***Industry Production In Major Markets Down;
Euro Continues To Be Strong***

Financial Highlights – Fourth Quarter 2004

(in millions, except net income per share)	<i><u>Fourth Quarter 2004</u></i>	<i><u>Fourth Quarter 2003</u></i>	<i><u>4Q '04 B/(W) 4Q '03</u></i>
Net Sales	\$4,286.1 	\$4,255.3	\$30.8
Income before Interest, Other Expense & Income Taxes (core operating earnings)*	\$217.2	\$236.1	\$(18.9)
Margin	5.1%	5.5%	(40)bps
Net Income	\$123.0	132.4	\$(9.4)
Net Income Per Share**	\$1.70	\$1.81	\$(0.11)
SG&A % of Net Sales	3.4%	3.4%	0 bps
Interest Expense	\$43.9	\$41.9	\$(2.0)
Other Expense, Net	\$13.8	\$11.4	\$(2.4)
Effective Tax Rate	22.9%	27.6%	4.7pts

 Record

* Income before income taxes for the fourth quarter 2004 and 2003 was \$159.5 and \$182.8, respectively. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

** Includes the dilutive impact of our outstanding contingently convertible senior notes.

4Q04 vs. 4Q03 Change in Net Sales and Core Operating Earnings

Net Sales (up \$31 million)

- + Addition of new business globally
- + Impact of foreign exchange, primarily stronger Euro
- + Acquisitions

offset in part by

- Global vehicle production and platform mix

Core Operating Earnings* (down \$19 million)

- Global vehicle production and platform mix
- Impact of higher raw material prices

offset in part by

- + Net operating performance
- + Profit contribution from new business globally

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

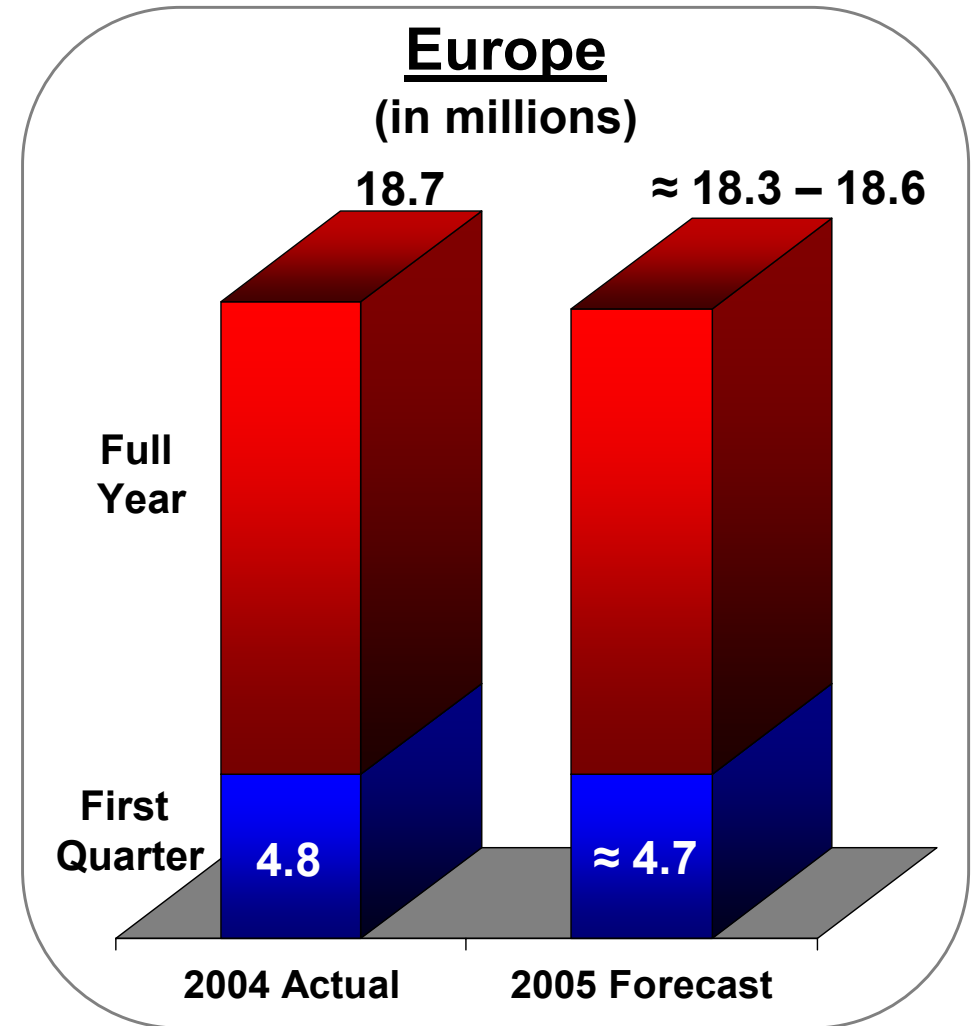
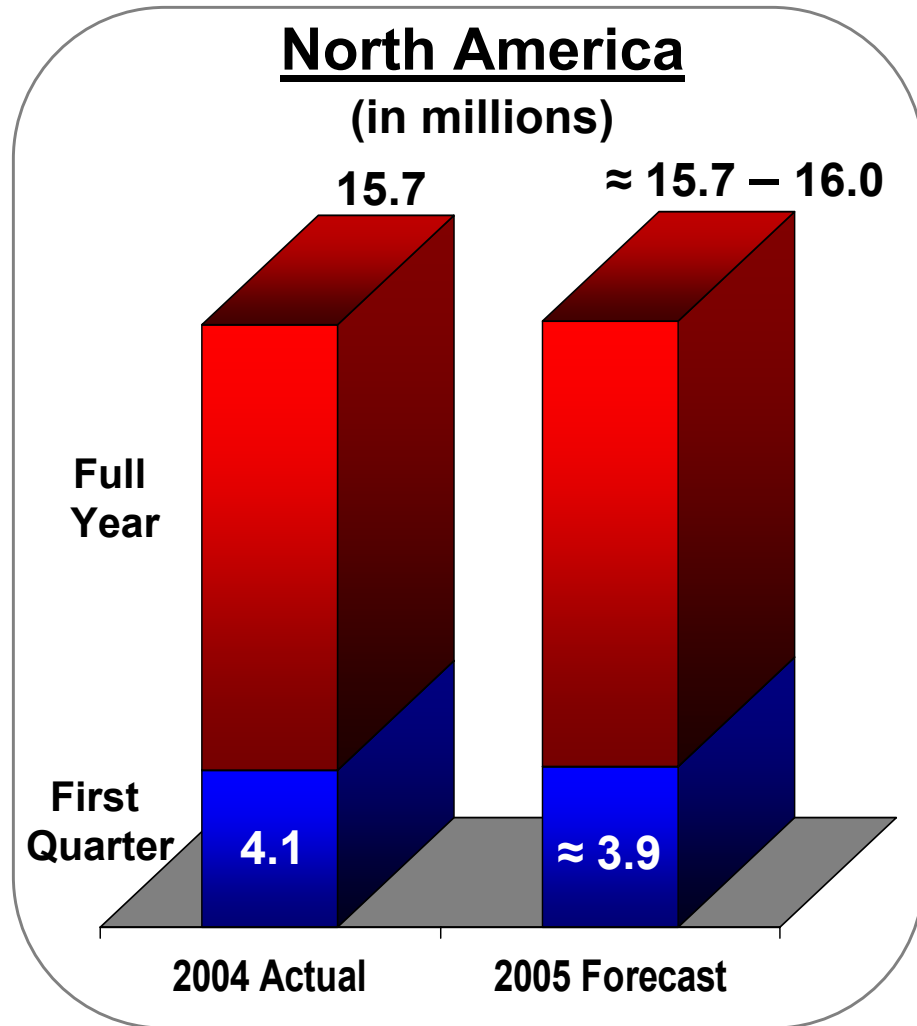
Fourth Quarter and Full Year Free Cash Flow*

(in millions)	<u>Three Months</u>	<u>Twelve Months</u>
Net Income	\$ 123	\$ 422
Depreciation / Amortization	97	355
Working Capital / Other	12	(31)
Cash from Operations*	<u>\$ 232</u>	<u>\$ 746</u>
Capital Expenditures	(145)	(429)
Free Cash Flow	<u><u>\$ 87</u></u>	<u><u>\$ 317</u></u>

* Cash from Operations represents net cash provided by operating activities (\$232 for three months and \$676 for twelve months ended 12/31/04) before net change in sold accounts receivable (\$0 for three months and \$70 for twelve months ended 12/31/04). Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.

2005 Outlook

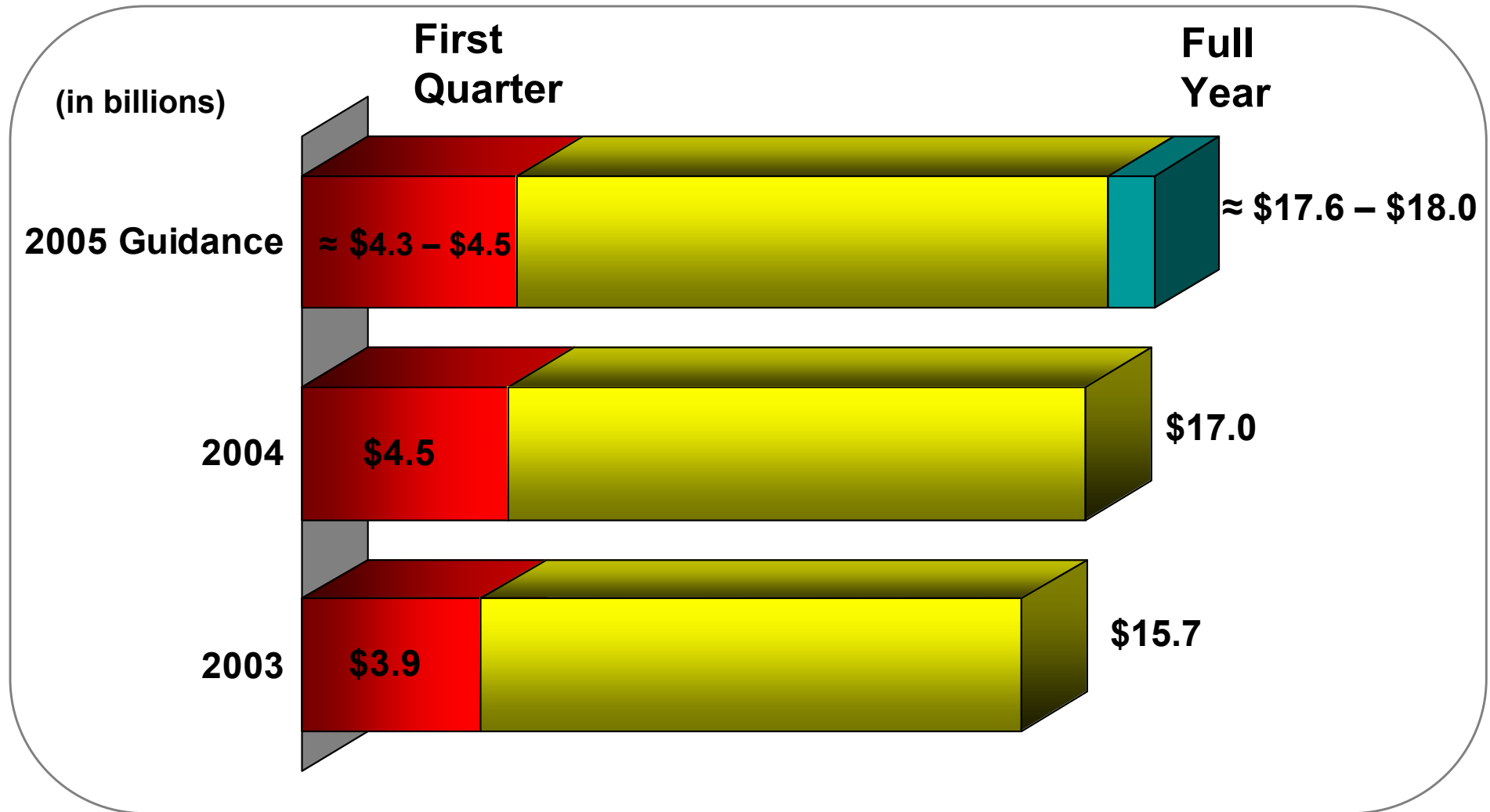
Vehicle Production Assumptions*



First Quarter 2005 Production Down In Both North America And Europe

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

2005 Outlook Net Sales*

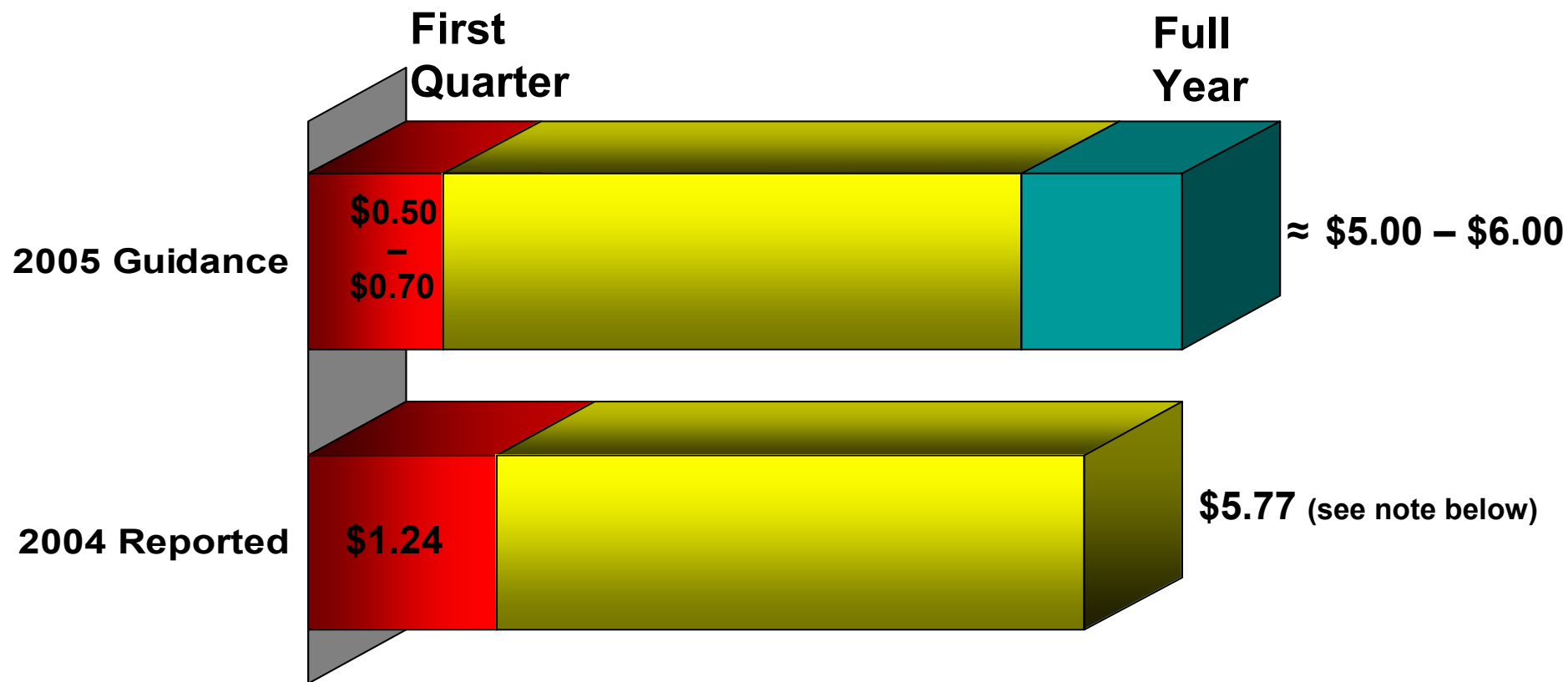


2005 Net Sales Increase Reflects Strong Backlog

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

2005 Outlook

Net Income Per Share*



Key Swing Factors

- ▶▶ Production levels and platform mix
- ▶▶ Impact on supply chain from sustained high level of raw material prices
- ▶▶ Customer productivity negotiations

Note: Includes a \$0.20 income tax benefit primarily related to the settlement of prior years' tax matters.

* Please see slides titled "Forward-Looking Statements" at the end of this presentation.

Other 2005 Full Year Financial Guidance*

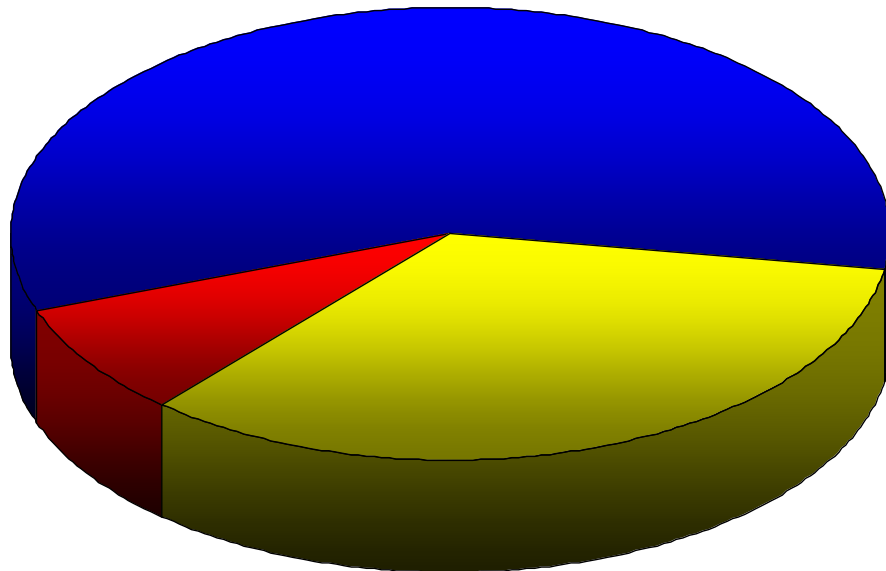
Free Cash Flow	\$250 million
Interest Expense	\$170 – \$175 million
Tax Rate	25% – 27%
Depreciation	\$400 – \$425 million
Capital Expenditures	\$425 – \$475 million
Euro	\$1.25 – \$1.35 / Euro

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

Three-Year Sales Backlog

Backlog By Region

North America – 58%

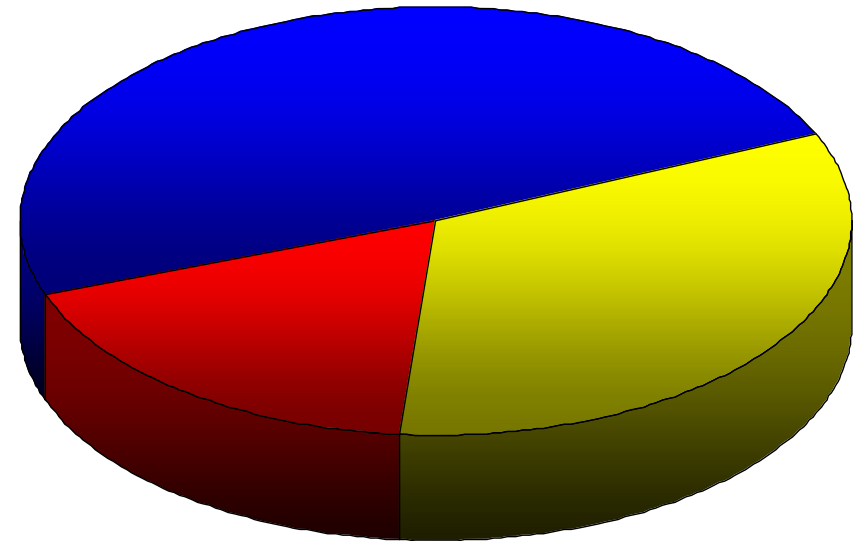


Asia – 8%

Europe – 34%

Backlog By Product

Seats – 49%

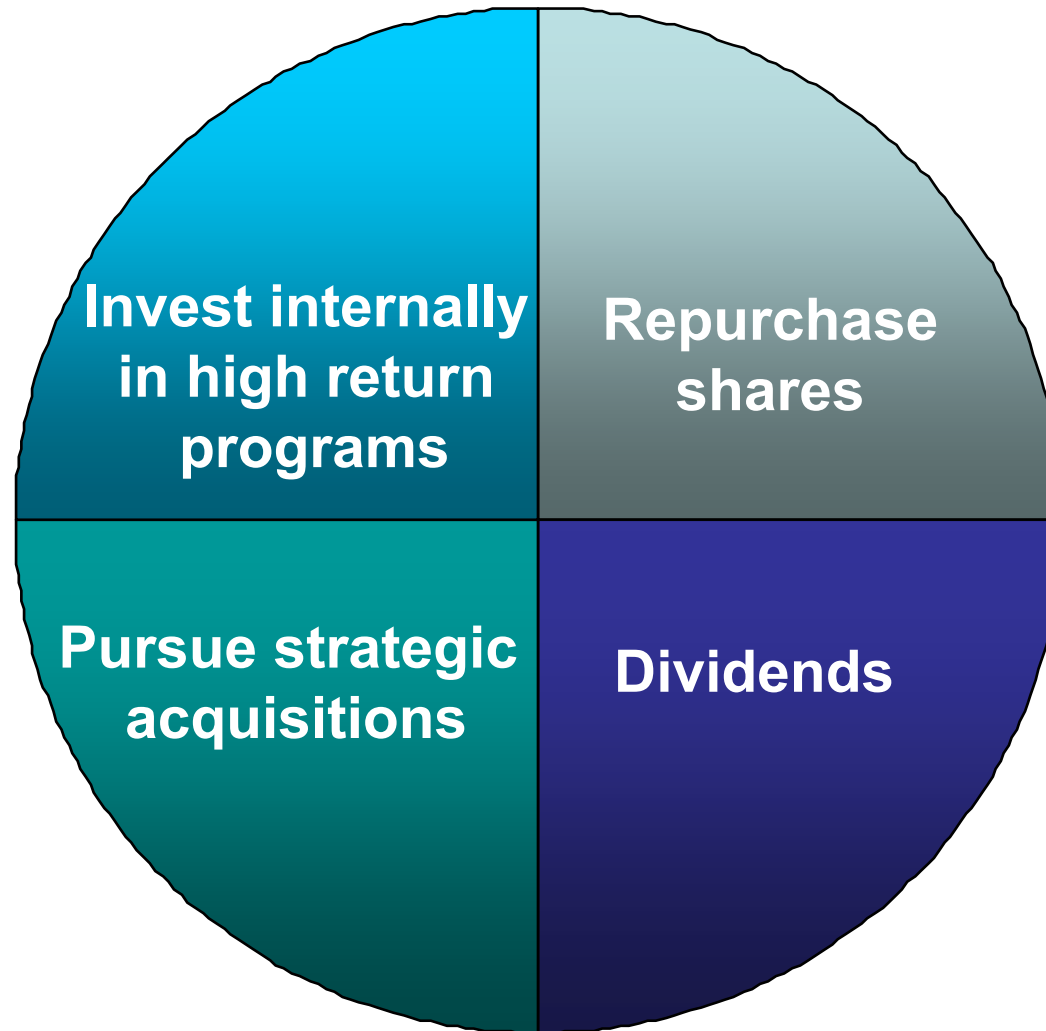


*Electronics/
Electrical – 18%*

Interiors – 33%

Alternative Uses of Cash Flow. . .

Where We See Value Creation



. . . While Maintaining a Strong Balance Sheet

Summary

- ▶▶ Despite a more challenging environment, 2004 was a solid year
- ▶▶ Challenges continue in 2005, with most significant negative impact on the first quarter
- ▶▶ Dividend increase reflects management's confidence in the long term outlook of the Company

Lear Has A Balanced, Long-Term Approach To Creating Shareholder Value



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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” (core operating earnings), “free cash flow” and “net debt.” 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. Net debt represents total debt plus utilization under the Company’s ABS facility, less cash and cash equivalents.

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 is a useful measure 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 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. Management believes that net debt provides useful information regarding the Company’s financial condition. Further, management uses these non-GAAP measures for planning and forecasting in future periods.

Neither income before interest, other expense and income taxes, free cash flow nor net debt should be considered in isolation or as substitutes for net income, net cash provided by operating activities, total debt or other balance sheet, 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 thus, 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.

Use of Non-GAAP Financial Information

Core Operating Earnings



(in millions)

Three Months

Q4 2004

Q4 2003

**Income before interest,
other expense and income taxes**

Income before income taxes

\$ 159.5

\$ 182.8

Interest expense

43.9

41.9

Other expense, net

13.8

11.4

Income before interest,
other expense and income taxes
(core operating earnings)

\$ 217.2

\$ 236.1

Use of Non-GAAP Financial Information

Free Cash Flow



(in millions)

	<u>Three Months</u>	<u>Twelve Months</u>
	<u>Q4 2004</u>	<u>2004</u>
<u>Free cash flow</u>		
Net cash provided by operating activities	\$ 231.9	\$ 675.9
Net change in sold accounts receivable	-	70.4
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	231.9	746.3
Capital expenditures	<u>(145.3)</u>	<u>(429.0)</u>
Free cash flow	<u>\$ 86.6</u>	<u>\$ 317.3</u>

Use of Non-GAAP Financial Information

Net Debt



(in millions)	December 31,				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Net debt</u>					
Short-term borrowings	\$ 35.4	\$ 17.1	\$ 37.3	\$ 63.2	\$ 72.4
Current portion of long-term debt	632.8	4.0	3.9	129.5	155.6
Long-term debt	<u>1,866.9</u>	<u>2,057.2</u>	<u>2,132.8</u>	<u>2,293.9</u>	<u>2,852.1</u>
Total debt	2,535.1	2,078.3	2,174.0	2,486.6	3,080.1
Cash and cash equivalents	(584.9)	(169.3)	(91.7)	(87.6)	(98.8)
Asset backed securitization	-	-	189.0	260.7	-
Net debt	<u><u>1,950.2</u></u>	<u><u>\$ 1,909.0</u></u>	<u><u>\$ 2,271.3</u></u>	<u><u>\$ 2,659.7</u></u>	<u><u>\$ 2,981.3</u></u>

Note: Net Debt to Capital is defined as Net Debt divided by Net Debt plus Stockholders' Equity.

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. 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, 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 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, raw material cost and availability, the Company's ability to mitigate the significant impact of recent increases in raw material prices, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in free cash flow and other risks described from time to time in the Company's Securities and Exchange Commission filings.

This presentation also contains information on the Company's sales backlog. The Company's incremental sales backlog reflects: anticipated net sales from awarded new programs, less net sales from phased-out and cancelled programs. The calculation of backlog does not reflect customer price reductions on existing or newly-awarded programs. The three-year backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new and replacement programs, foreign exchange rates and the timing of program launches.

In addition, the first quarter and full year 2005 per share earnings guidance is based on an assumed 74 million shares outstanding and includes 4.8 million shares related to our outstanding contingently convertible debt.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update them.