

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K/A  
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CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

September 1, 1998  
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LEAR CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware

1-11311

13-3386776

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(State or other jurisdiction of  
incorporation or organization)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

21557 Telegraph Road  
Southfield, Michigan

48086-5008

-----  
(Address of principal executive offices)

(zip code)

(248) 447-1500

-----  
(Telephone number, including  
area code, of agent for service)

No Change

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(Former name or former address,  
if changes since last report)

## ITEM 5. OTHER EVENTS.

This 8-K/A is an amendment to the 8-K dated September 1, 1998 related to the acquisition of the Delphi Automotive Systems' seating ("Delphi Seating") business. The purpose of this amendment is to file the historical financial statements of the business being acquired and the pro-forma statements related to this transaction.

On September 1, 1998, Lear Corporation along with various wholly owned subsidiaries of Lear Corporation (collectively the "Company"), acquired Delphi Seating from General Motors Corporation. Delphi Seating consists of 16 locations located in 10 countries and over 6,000 employees and supplies seating systems and seating components to General Motors' locations in North America, Europe and South Africa. The purchase was a combined asset and stock purchase.

The purchase price for Delphi Seating was approximately \$250 million and was determined based upon estimates of future earnings and evaluations of the net worth of the assets acquired. General Motors Corporation is a significant customer of Lear Corporation and accounted for approximately 27% of the Company's sales in 1997. The funds for the purchase were obtained through borrowings under the Company's \$2.1 billion senior revolving credit facility with a syndicate of banks.

## ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- A. Historical Financial Statements  
 1) Three Year Audited Financial Statements

[DELOITTE &amp; TOUCHE LOGO]

[DELOITTE &amp; TOUCHE LETTERHEAD]

## INDEPENDENT AUDITORS' REPORT

## Delphi Automotive Systems:

We have audited the accompanying statements of net assets to be sold of the seating business, including certain subsidiaries, (the "Business") of the Delphi Interior & Lighting Systems Division ("Delphi") of General Motors Corporation ("General Motors"), as of December 31, 1997 and 1996, and the related statements of sales less costs and expenses and of cash flows for each of the three years in the period ended December 31, 1997, pursuant to the Master Sale and Purchase Agreement between General Motors and Lear Corporation (the "Buyer") dated August 31, 1998 (the "Agreement"). These financial statements are the responsibility of Delphi management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements were prepared for the purpose of complying with the Agreement as discussed in Note 1, and are not intended to be a complete presentation of the financial position, results of operations and cash flows of the Business.

In our opinion, such financial statements present fairly, in all material respects, the net assets to be sold, including certain subsidiaries, of the Business as of December 31, 1997 and 1996, pursuant to the Master Sale and Purchase Agreement referred to in Note 1, and their related sales less costs and expenses and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Deloitte &amp; Touche LLP

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August 21, 1998

SEATING BUSINESS OF  
DELPHI AUTOMOTIVE SYSTEMSSTATEMENTS OF NET ASSETS TO BE SOLD  
AS OF DECEMBER 31, 1997 AND 1996  
(THOUSANDS OF DOLLARS)

	1997	1996
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 9,058	\$ 10,191
Marketable securities	1,084	1,982
Accounts and notes receivable (Note 3)	23,623	23,238
Inventories (net of LIFO allowance of \$18.6 million and \$13.8 million in 1997 and 1996, respectively) (Note 4)	41,773	34,474
Other	211	1,157
	-----	-----
Total current assets	75,749	71,042
Property, plant and equipment (net of accumulated depreciation of \$60.9 million and \$58.9 million in 1997 and 1996, respectively, and impairment amount of \$53.0 million in 1997) (Note 5)		53,099
Deferred taxes	1,314	400
Other	3,627	3,209
	-----	-----
Total assets	80,690	127,750
	-----	-----
LIABILITIES:		
Current liabilities:		
Accounts and notes payable (including \$17,230 and \$13,350 with affiliated entities in 1997 and 1996, respectively)	38,910	34,622
Accrued liabilities	727	2,109
Income taxes payable	2,482	4,277
	-----	-----
Total current liabilities	42,119	41,008
Minority interest	1,269	3,430
Retirement obligations	1,529	996
Deferred taxes	1,954	1,492
Other	886	1,522
	-----	-----
Total liabilities	47,757	48,448
COMMITMENTS AND CONTINGENCIES (Note 12)		
NET ASSETS TO BE SOLD	\$ 32,933	\$ 79,302
	=====	=====

See notes to financial statements.

SEATING BUSINESS OF  
DELPHI AUTOMOTIVE SYSTEMS

STATEMENTS OF SALES LESS COSTS AND EXPENSES  
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1997  
(THOUSANDS OF DOLLARS)

	YEAR ENDED DECEMBER 31		
	1997	1996	1995
NET SALES:			
General Motors Corporation	\$ 1,097,305	\$ 1,335,940	\$ 1,727,573
Other customers	307,625	113,544	74,654
Total net sales	1,404,930	1,449,484	1,802,227
COST OF SALES (Including an impairment charge of \$75.8 million in 1997) (Note 2)	1,502,607	1,375,623	1,626,906
GROSS PROFIT (LOSS)	(97,677)	73,861	175,321
OPERATING EXPENSES:			
Engineering	76,027	72,515	71,270
Sales and marketing	6,384	3,510	6,931
General and administrative	37,870	40,040	46,699
Corporate allocations (Note 1)	10,182	8,722	6,480
Loss on sale or plant closure (Note 10)	79,789	78,800	--
Total operating expenses	210,252	203,587	131,380
OPERATING INCOME (LOSS)	(307,929)	(129,726)	43,941
OTHER EXPENSE (INCOME) (Note 6)	4,379	(1,474)	(5,292)
SALES LESS COSTS AND EXPENSES BEFORE INCOME TAX	(312,308)	(128,252)	49,233
INCOME TAX PROVISION (Note 7)	1,155	704	21,631
SALES LESS COSTS AND EXPENSES	\$ (313,463)	\$ (128,956)	\$ 27,602

See notes to financial statements.

SEATING BUSINESS OF  
DELPHI AUTOMOTIVE SYSTEMSSTATEMENTS OF CASH FLOWS  
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1997  
(THOUSANDS OF DOLLARS)

	YEAR ENDED DECEMBER 31		
	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Sales less costs and expenses	\$(313,463)	\$(128,956)	\$ 27,602
Adjustments to reflect cash provided by (used in) operating activities:			
Depreciation and amortization	6,070	4,992	3,358
Impairment charge	75,788	--	--
Loss on sale or plant closure	79,789	78,800	--
Changes in assets and liabilities:			
Accounts and notes receivable	49,689	19,853	12,320
Inventories	(10,506)	(518)	15,322
Accounts payable and accrued liabilities	11,835	(4,161)	22,986
Other	5,717	7,191	(8,647)
Net cash provided by (used in) operating activities	(95,081)	(22,799)	72,941
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(8,487)	(8,398)	(15,569)
Proceeds from sale of business	--	28,800	--
Net cash provided by (used in) investing activities	(8,487)	20,402	(15,569)
CASH FLOWS FROM FINANCING ACTIVITIES -			
Net cash (to) from General Motors Corporation	103,631	8,688	(57,556)
EFFECT OF EXCHANGE RATE CHANGES ON CASH			
	(1,196)	(976)	(501)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,133)	5,315	(685)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10,191	4,876	5,561
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 9,058	\$ 10,191	\$ 4,876
ADDITIONAL CASH FLOW INFORMATION -			
Cash paid during the year:			
Income taxes	\$ 6,006	\$ 7,756	\$ 5,041
Interest	\$ 1,713	\$ 1,582	\$ 2,194

See notes to financial statements.

SEATING BUSINESS OF  
DELPHI AUTOMOTIVE SYSTEMS

NOTES TO FINANCIAL STATEMENTS  
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1997

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1. BASIS OF PRESENTATION

The accompanying financial statements have been prepared for the purpose of presenting the net assets to be sold of the seating business (the "Business") of the Delphi Interior & Lighting Systems Division ("Delphi") of General Motors Corporation ("General Motors"), as of December 31, 1997 and 1996, and its sales less costs and expenses and cash flows from General Motors Corporation for each of the three years in the period ended December 31, 1997. The net assets to be sold were determined pursuant to the Master Sale and Purchase Agreement between General Motors and Lear Corporation (the "Buyer") dated August 31, 1998 (the "Agreement"), including certain domestic and international assets, and the shares of certain international subsidiaries of the Business. The Business is engaged in the design, manufacture and sale of vehicle seating and seating components for the North American and European automotive industries. The Business operates manufacturing facilities in North America in Auburn Hills and Grand Rapids, Michigan, and Juarez, Rio Bravo and Fuentes, Mexico. In addition, the Business has European facilities in Epila and Logrono, Spain; Nuneaton, England; Desio, Italy; Warsaw and Gliwice, Poland; Lebach, Germany; and Ponte de Sor, Portugal. The Business also includes majority-owned joint venture interests for operations in Turkey and South Africa which are consolidated. During the period of the financial statements, the Business included certain other operations, principally a seating component facility in Trenton, New Jersey, for which closure was announced in April 1997. During 1996 and 1995, the Business included certain seating operations in Flint, Michigan and Windsor, Ontario, Canada, which were sold to another buyer in December 1996.

The statements of net assets to be sold present the net assets to be sold of the Business pursuant to the Agreement, while the statements of sales less costs and expenses and of cash flows present the historical operating performance of the Business. During all of the periods presented in the accompanying financial statements, the Business operated as an integral part of Delphi Automotive Systems and General Motors' overall operations. The financial statements include allocated costs and expenses and intercompany transactions which are not necessarily indicative of the costs and expenses or transaction terms that would have occurred, had the Business operated on a stand-alone basis. However, all of the allocations and estimates reflected in the financial statements are based on assumptions which management believes are reasonable. Corporate allocations were based on various factors which estimate usage of particular corporate functions, and in certain instances other relevant factors are used, such as the revenues or headcount of the Business. It is not considered practicable to estimate the amount of such costs had the Business operated on a stand-alone basis.

The following summarizes the primary elements of the Agreement which have impacted the presentation of the accompanying financial statements:

CASH AND CASH EQUIVALENTS AND ACCOUNTS AND NOTES RECEIVABLES are presented in the financial statements for those entities for which the common equity shares are being sold. Cash and cash equivalents are defined as short-term, highly liquid investments with original maturities of 90 days or

less. For all other entities, cash and accounts receivable are excluded from the financial statements because such assets were retained by Delphi.

PROPERTY, PLANT AND EQUIPMENT, NET excludes certain facilities and other assets of the Business which will be retained by Delphi, principally the manufacturing site in Trenton, New Jersey, and certain other domestic and international facilities. Except for subsidiaries subject to share sales, tooling costs on customer-owned tools are excluded from the statements of net assets to be sold because these are not subject to the transaction.

EMPLOYEE BENEFIT OBLIGATIONS - Certain employee benefit obligations, such as outstanding and unreported medical claims, workers' compensation claims, postemployment benefits for hourly and salaried employees, defined benefit pension and postretirement benefit obligations, were not assumed by the Buyer, but were retained by General Motors, and are therefore excluded from the statements of net assets to be sold. Employee benefit obligations are reflected in such statements for subsidiaries whose shares were subject to sale under the Agreement.

OTHER LIABILITIES - Product liability claims, legal claims and assessments, both asserted and unasserted, and environmental obligations, except those related to the subsidiaries whose shares were subject to sale, were excluded from the statements of net assets to be sold because such obligations were retained by General Motors.

## 2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

INVENTORIES are stated at the lower of actual cost or market, as determined substantially by the last-in, first-out (LIFO) method. The Business inventory cost data is combined with similar data from other General Motors divisions for purposes of applying the LIFO method of accounting. The Business has been allocated a pro rata portion of General Motors' LIFO reserve based on the relative inventory levels of the Business before application of such reserve. If the first-in, first-out method (FIFO) method had been used, the inventory balance would have been \$18.6 million and \$13.8 million higher at December 31, 1997 and 1996, respectively. In addition, the effect of the LIFO method of accounting was to increase (decrease) sales less costs and expenses by \$(4.8) million, \$6.0 million and \$3.0 million in 1997, 1996 and 1995, respectively.

TOOLING COSTS on customer-owned tooling projects are generally recorded based on costs accumulated under such projects. Upon project completion, gains or losses on such projects are generally deferred and amortized over a three-year period, which reflects the minimum term of related production contracts to which the tooling projects relate. Except for subsidiaries subject to share sales, all costs accumulated on customer-owned tooling projects and deferred gains and losses were retained by General Motors and consequently are excluded from the statements of net assets to be sold.

DEPRECIATION AND AMORTIZATION - Depreciation is provided based on estimated useful lives of groups of property generally using accelerated methods, which accumulate depreciation of approximately two-thirds of the depreciable cost during the first half of the assets' estimated useful lives.



Leasehold improvements are amortized over the period of the lease or the life of the property, whichever is shorter, with the amortization applied directly to the asset account.

The estimated useful lives used for property, plant and equipment are as follows, in years:

Buildings	40
Machinery, equipment and tooling	5-27
Office and data processing equipment	8-15

Significant renewals and betterments are capitalized and replaced units are written off. Maintenance and repairs, as well as renewals of minor amounts, are charged to expense as incurred.

**IMPAIRMENT OF LONG-LIVED ASSETS** - In accordance with Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, management of the Business periodically evaluates the carrying value of long-lived assets to be held and used when events or circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

Delphi initiated studies in 1997 concerning the long-term competitiveness of all facets of their business. These studies were performed in conjunction with the business planning cycle and were substantially completed in December 1997. This re-evaluation was performed using product specific cash flow information refined in connection with the separation of Delphi from General Motors North American Operations during 1997. As a result, the carrying values of certain long-lived assets were determined to be impaired as the separately identifiable, undiscounted future cash flows from such assets were less than their respective carrying values. The resulting impairment charge represented the amount by which the carrying value of such assets exceeded their estimated fair market value. A charge of approximately \$75.8 million, consisting of \$53.0 million related to assets included on the statement of net assets to be sold and \$22.8 million of other amounts related to assets of the Business retained by General Motors, was recorded in cost of sales in the statement of sales less costs and expenses for the year ended December 31, 1997 to reflect the reduction in carrying value for these assets.

**FAIR VALUE OF FINANCIAL INSTRUMENTS** - Financial instruments included in the statements of net assets to be sold have carrying values which approximate fair value.

**REVENUE RECOGNITION** - Sales, net of estimated returns and allowances, and cost of sales are recorded upon shipment of product to customers and transfer of title under standard commercial terms.

**RESEARCH AND DEVELOPMENT** - Expenditures for research and development are charged to costs and expenses as incurred and represent independent research and development activities of the Business. Research and development expenses recognized by the Business were \$5.5 million, \$5.4 million and \$4.2 million during 1997, 1996 and 1995, respectively.

INCOME TAXES - The Business is included in the General Motors' consolidated federal and state income tax returns and accounts for income taxes based on the provisions of SFAS No. 109, Accounting for Income Taxes. A tax benefit has been allocated to the Business by General Motors related to its operating losses only when such benefits would be recognizable on a separate return basis, through carryback against previous taxable income of the Business. Where applicable, a tax provision on income earned in foreign jurisdictions is recognized; also, a deferred tax provision is recognized on differences between the book and tax bases of assets and liabilities based on applicable statutory rates. Deferred tax assets or liabilities have been reflected in the accompanying statements of net assets to be sold only in connection with operations of the Business subject to a sale of shares, in those instances where the tax bases of assets and liabilities transferred differ from their related historical carrying value.

DERIVATIVE FINANCIAL INSTRUMENTS - General Motors is party to a variety of foreign exchange, interest rate and commodity forward contracts and options entered into in connection with the management of its exposure to fluctuations in foreign exchange rates, including certain exposures affecting the Business. These derivatives are entered into and managed on behalf of the Business by General Motors; although the settlement of derivative instrument positions is accomplished by General Motors, the related gains or losses from such positions are allocated to the Business, to the extent they hedge underlying commitments of the Business.

Foreign exchange forward and option contracts are accounted for as hedges to the extent they are designated, and are effective as, hedges of firm foreign currency commitments. Other such foreign exchange contracts and options are marked to market on a current basis.

On behalf of the Business, General Motors may also enter into commodity forward and option contracts. Since General Motors has the discretion to settle these transactions either in cash or by taking physical delivery, these contracts are not considered financial instruments for accounting purposes. Commodity forward contracts and options are accounted for as hedges to the extent they are designated, and are effective as, hedges of firm or anticipated commodity purchase contracts. Other commodity forward contracts and options are marked to market on a current basis.

Gains (losses) on derivative financial instruments are not considered material. The statements of net assets to be sold do not include any unrecognized gains or losses, because any derivative financial instruments allocable to the Business will be retained by General Motors.

LABOR FORCE - The Business has a concentration of labor supply related to substantially all of its hourly workforce working under union collective bargaining agreements that will expire in 1999. Certain customers and suppliers of the Business also have represented work forces. Work stoppages by employees of the Business or by employees of customers or suppliers of the Business could disrupt the production of or demand for automotive components.

## 3. ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable is summarized at December 31 as follows (in thousands):

	1997	1996
Trade (including \$19,304 and \$18,208 with affiliated entities in 1997 and 1996, respectively)	\$ 22,477	\$ 22,998
Other	1,146	240
	-----	-----
Accounts and notes receivable	\$ 23,623	\$ 23,238
	=====	=====

## 4. INVENTORIES

Major classes of inventories are summarized at December 31 as follows (in thousands):

	1997	1996
Productive material, work-in-process and supplies	\$ 47,946	\$ 38,663
Finished goods	12,391	9,576
	-----	-----
Inventories, gross	60,337	48,239
Less allowances to adjust the carrying value of certain inventories to LIFO	18,564	13,765
	-----	-----
Inventories, net	\$ 41,773	\$ 34,474
	=====	=====

## 5. PROPERTY, PLANT AND EQUIPMENT

Property is summarized at December 31 as follows (in thousands):

	1997	1996
Land and leasehold improvements	\$ 3,664	\$ 3,636
Buildings	28,560	30,675
Machinery, equipment and tooling	77,137	73,811
Office and data processing equipment	1,412	1,753
Construction-in-progress	3,144	2,158
	-----	-----
Total	113,917	112,033
Less accumulated depreciation	60,874	58,934
Less impairment reserve	53,043	
	-----	-----
Property, plant and equipment, net	None	\$ 53,099
	=====	=====

## 6. OTHER (INCOME) EXPENSE

Other (income) expense is summarized at December 31 as follows (in thousands):

	1997	1996	1995
Foreign transaction loss (gain)	\$ 5,148	\$ 1,833	\$ (7,148)
Minority interest share of income (loss)	(1,668)	121	2,475
Interest expense	949	721	879
Claims, commissions and grants	(2,245)	(1,685)	(595)
Other, net	2,195	(2,464)	(903)
	-----	-----	-----
Total	\$ 4,379	\$ (1,474)	\$ (5,292)
	=====	=====	=====

## 7 INCOME TAX PROVISION

The domestic and foreign income (loss) before income tax of the Business is summarized as follows for each of the years ended December 31 (in thousands):

	1997	1996	1995
Domestic	\$ (283,987)	\$ (92,358)	\$ 40
Foreign	(28,321)	(35,894)	49,193
	-----	-----	-----
Total	\$ (312,308)	\$ (128,252)	\$ 49,233
	=====	=====	=====

The components of the income tax provision (benefit) for each of the years ended December 31 are as follows (in thousands):

	1997	1996	1995
United States - Federal	None	\$ (5,346)	\$ 12
	-----	-----	-----
Foreign:			
Current	\$ 1,314	6,395	21,983
Deferred	(159)	(345)	(364)
	-----	-----	-----
Total foreign	1,155	6,050	21,619
	-----	-----	-----
Total	\$ 1,155	\$ 704	\$ 21,631
	=====	=====	=====

A reconciliation between the United States statutory rate and the effective rate applicable to the pre-tax operating results is as follows for the years ended December 31:

	1997	1996	1995
Federal statutory rate	34%	34%	34%
Domestic losses not subject to tax benefit	(30)	(20)	
Foreign losses not subject to tax benefit	(4)	(17)	4
Foreign rates different from U.S. statutory rate		2	6
	---	---	---
Effective tax rate	0%	(1)%	44%
	===	===	===



A deferred tax liability related to the repatriation of earnings of foreign subsidiaries has not been established as such earnings are considered permanently reinvested; however, such amounts totaled \$17.9 million and \$21.0 million at December 31, 1997 and 1996, respectively.

#### 8. PENSION COST

Substantially all of the employees of the Business in the United States participate in the defined benefit plans of General Motors. Plans covering represented U.S. employees generally provide benefits of negotiated stated amounts for each year of service as well as significant supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the plans covering U.S. salaried employees are generally based on years of service and the employee's salary history. The accumulated plan benefit obligation and plan net assets for employees of the Business are not determined separately; however, a total pension cost of approximately \$11.9 million, \$10.7 million and \$13.4 million was allocated based on applicable headcount to the Business in 1997, 1996 and 1995, respectively. Certain of the Business's non-U.S. entities have pension plans established for the benefit of their employees, through government sponsored or administered programs. The total pension cost of these non-U.S. plans allocated to the Business was \$1.0 million, \$7.4 million and \$8.0 million for 1997, 1996 and 1995, respectively. Pursuant to the terms of the Agreement, except for operations subject to a sale of shares, prior service pension obligations related to the Business will be retained by General Motors and, consequently, no obligation is included on the statements of net assets to be sold of the Business. The retirement obligations accrued for operations subject a sale of shares totaled \$1.5 and \$1.0 million, respectively, at December 31, 1997 and 1996.

Substantially all of the U.S. employees of the Business were eligible to participate in 401(k) retirement plans sponsored by General Motors which allow employees to contribute up to a specified percentage of compensation into tax deferred accounts. Pension expense recognized by the Business relating to amounts contributed into these plans was \$.4 million, \$.2 million and \$.2 million during 1997, 1996 and 1995, respectively.

#### 9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Substantially all of the employees of the Business in the United States and Canada participate in various postretirement medical, dental, vision and life insurance plans of General Motors. The accumulated plan benefit obligation and plan net assets for the employees of the Business are not determined separately; however, a total non-pension postretirement cost of approximately \$34.0 million, \$42.1 million and \$39.6 million was allocated based on headcount of the Business in 1997, 1996 and 1995, respectively.

Pursuant to the terms of the Agreement, prior service postretirement obligations related to the Business for domestic employees will be retained by General Motors, and consequently, no related obligation is included on the statements of net assets to be sold of the Business.

General Motors and the Business do not admit or otherwise acknowledge that such amounts or existing postretirement benefit plans of the Business (other than pensions) represents legally enforceable liabilities of General Motors and the Business.

## 10. LOSS ON SALE AND PLANT CLOSURE

The Business recognizes costs for the closing or sale of certain facilities in accordance with generally accepted accounting principles. Site-related write-downs and accruals are recognized when a definitive decision is made to sell or abandon a facility, and the net realizable value can be reasonably estimated. Postemployment benefits are recognized when a definitive decision is made by management and announced to employees, and when the applicable benefits are determined.

In 1997, the Business decided to cease production in Trenton, New Jersey, and recognized an \$79.8 million charge to provide for postemployment benefits and other site-related closure costs.

In 1996, certain assets and operations of the Business were sold, along with certain other trim and hardware operations of Delphi. The total loss recognized on the sale was approximately \$252.5 million, of which \$78.8 million was allocable to the operations of the Business.

## 11. SEGMENT INFORMATION

The Business operates in one primary segment for vehicle seating systems and components. Export sales from domestic operations and intersegment transactions are not significant. Information concerning the operating results and identifiable assets of the principal geographic areas of the Business, in accordance with Statement of Financial Accounting Standards (SFAS) No. 14, Financial Reporting for Segments of a Business Enterprise, are set forth as follows (in thousands):

	NORTH AMERICA	EUROPE AND OTHER	TOTAL
1997			
Net revenue	\$ 1,132,743	\$ 272,187	\$ 1,404,930
Net loss	(283,127)	(30,336)	(313,463)
Net assets to be sold	30,064	2,869	32,933
1996			
Net revenue	1,151,637	297,847	1,449,484
Net loss	(121,330)	(7,626)	(128,956)
Net assets to be sold	49,654	29,648	79,302
1995			
Net revenue	1,574,910	227,317	1,802,227
Net income	26,038	1,564	27,602

## 12. COMMITMENTS AND CONTINGENCIES

Rental expense of the Business totaled \$3.6 million, \$3.6 million and \$2.8 million for the years ended December 31, 1997, 1996 and 1995, respectively. Commitments related to operating leases that will be assumed by the Buyer, as of December 31, 1997 were \$17.3 million, which become due in the following periods ending December 31: 1998 - \$2.6 million; 1999 - \$2.9 million; 2000 - \$2.7 million; 2001 - \$2.7 million; 2002 - \$2.7 million and thereafter - \$3.7 million.

Management believes that various lawsuits and claims pending or asserted with respect to the Business, to the extent not retained by General Motors, will be disposed of without having a material adverse effect on the statements of net assets to be sold, sales less costs and expenses or cash flows of the Business.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS  
 A. Historical Financial Statements  
 2) Interim Financial Statement

SEATING BUSINESS OF DELPHI  
 INTERIOR AND LIGHTING SYSTEMS  
 (an operating component of General Motors Corporation)

CONSOLIDATED STATEMENT OF NET ASSETS SOLD  
 AS OF AUGUST 31, 1998  
 (Unaudited, in thousands of dollars)

	AUGUST 31, 1998 -----
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,638
Accounts and notes receivable, net	15,469
Inventories	34,810
Other current assets	666
	-----
	57,583
	-----
OTHER LONG-TERM ASSETS	3,719
	-----
	\$ 61,302
	=====
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts and notes payable	\$ 23,422
Accrued liabilities	3,607
Income taxes payable	1,728
	-----
	28,757
	-----
LONG-TERM LIABILITIES	
Minority interests	259
Other long-term liabilities	2,614
	-----
	2,873
	-----
EQUITY	
Net equity	29,672
	-----
	\$ 61,302
	=====

The accompanying notes are an integral part of this statement.

SEATING BUSINESS OF DELPHI  
 INTERIOR AND LIGHTING SYSTEMS  
 (an operating component of General Motors Corporation)

CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THE EIGHT MONTHS ENDED AUGUST 31, 1998  
 (Unaudited, in thousands of dollars)

	Eight Months Ended AUGUST 31, 1998 -----
Net sales	\$ 777,325
Cost of sales	818,352
Selling, general and administrative expenses	97,616 -----
Operating loss	(138,643) -----
Other income, net	6,168 -----
Loss before provision for income taxes	(132,475)
Provision for income taxes	(1,432) -----
Net loss	\$ (133,907) =====

The accompanying notes are an integral part of this statement.

SEATING BUSINESS OF DELPHI  
INTERIOR AND LIGHTING SYSTEMS  
(an operating component of General Motors Corporation)

CONSOLIDATED STATEMENT OF CASH FLOWS  
(Unaudited, in thousands of dollars)

	EIGHT MONTHS ENDED AUGUST 31, 1998 -----
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (133,907)
Adjustments to net income to net cash used in operating activities:	
Changes in working capital	1,300
Other, net	(1,448)
Net cash used in operating activities	----- (134,055) -----
CASH FLOWS FROM INVESTING ACTIVITIES, OTHER	1,222 -----
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net cash provided from General Motors Corporation	130,366
Other, net	(1,317)
Net cash provided by financing activities	----- 129,049 -----
Effect of foreign exchange translation	280 -----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,504)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,142 -----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 6,638 =====
CHANGES IN WORKING CAPITAL:	
Accounts receivable, net	8,154
Inventories	6,963
Accounts payable	(15,488)
Accrued liabilities and other	1,671
	----- \$ 1,300 =====
SUPPLEMENTAL DISCLOSURE:	
Cash paid for interest	\$ --
Cash paid for income taxes	\$ 2,186

The accompanying notes are an integral part of this statement.

SEATING BUSINESS OF DELPHI  
INTERIOR AND LIGHTING SYSTEMS  
(an operating component of General Motors Corporation)

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared for the purpose of presenting the financial position of the seating business (the "Business") of Delphi Interior & Lighting Systems Division ("Delphi") of General Motors Corporation ("General Motors") as of August 31, 1998, and its results of operation and cash flows from General Motors Corporation for the eight months ended August 31, 1998. The net assets to be sold were determined pursuant to the Master Sale and Purchase Agreement between General Motors and Lear Corporation (the "Buyer") dated August 31, 1998 (the "Agreement"), including certain domestic and international assets, and the shares of international subsidiaries of the Business. The Business is engaged in the design, manufacture and sale of vehicle seating and seating components for the North American and European automotive industries. The Business operates manufacturing facilities in North America in Auburn Hills and Grand Rapids, Michigan, and Juarez, Rio Bravo and Fuentes, Mexico. In addition, the Business has European facilities in Epila and Logrono, Spain; Nuneaton, England; Desio, Italy; Warsaw and Gliwice, Poland; Lebach, Germany; and Ponte de Sor, Portugal. The Business also includes majority-owned joint venture interests for operations in Turkey and South Africa which are consolidated. During the period of the unaudited financial statements, the Business included certain other operations, principally a seating component facility in Trenton, New Jersey, for which closure was announced in April 1997.

The consolidated statement of net assets sold presents the net assets sold of the Business pursuant to the Agreement, while the statements of operations and of cash flows present the historical operating performance of the Business. Through August 31, 1998, the Business operated as an integral part of Delphi Automotive Systems and General Motors' overall operations. The financial statements include allocated costs and expenses and intercompany transactions which are not necessarily indicative of the costs and expenses or transaction terms that would have occurred, had the Business operated on a stand-alone basis. However, all of the allocations and estimates reflected in the financial statements are based on assumptions which management believes are reasonable. Corporate allocations were based on various factors which estimate usage of particular corporate functions, and in certain instances other relevant factors are used, such as the revenues or headcount of the Business. It is not considered practicable to estimate the amount of such costs had the Business operated on a stand-alone basis.

In the opinion of management, all adjustments, consisting of only normal recurring items which are necessary for a fair presentation have been included. The results for the interim period is not necessarily indicative of results which may be expected from any other interim period or for the full year and may not necessarily reflect the consolidated results of operations, financial position and cash flows of the Business in the future or what they would have been had the Business been a separate stand-alone entity during the period.

## (2) INVENTORIES

Inventories are summarized as follows as of August 31, 1998 (in thousands):

Productive inventory	\$ 44,865
Non-productive inventory	2,449
	-----
Inventories, gross	47,314
Less: Allowances to adjust the carrying value of certain inventories to LIFO	(12,504)
	-----
	\$ 34,810
	=====

## (3) COMMITMENTS AND CONTINGENCIES

Management believes that various lawsuits or claims pending or asserted with respect to the Seating Business to the extent not retained by General Motors will be disposed of without having a material adverse effect on the statement of net assets sold, results of operations or cash flows of the Business.

## ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

## B. Pro-Forma Consolidated Financial Statements.

The following pro-forma unaudited condensed combined consolidated statements of operations of the Company for the nine months ended September 26, 1998 and for the year ended December 31, 1997 were prepared to illustrate the estimated effects of the acquisition of Delphi Seating by the Company and the incurrence of indebtedness under the Company's \$2.1 billion senior revolving credit facility to finance such acquisition, as if the acquisition had occurred on January 1, 1997.

A pro-forma unaudited consolidated balance sheet of the Company is not required to be presented herein as the acquisition has already been reflected in the Company's historical September 26, 1998 unaudited consolidated balance sheet, which has been included in this 8-K/A.

The pro-forma statements do not purport to represent (i) the actual results of operations had the acquisition of Delphi Seating occurred on the date assumed or (ii) the results expected in the future.

The pro-forma adjustments are based upon available information and upon certain assumptions that management believes are reasonable. The pro-forma statements and accompanying notes should be read in conjunction with the historical financial statements of the Company and Delphi Seating, including the notes thereto.

LEAR CORPORATION AND SUBSIDIARIES  
 PRO-FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS  
 (Unaudited, in millions, except per share data)

Nine Months Ended September 26, 1998

	Lear	Delphi Seating (1)	Adjustments	Eliminations (8)	Pro-Forma
Net sales	\$ 6,153.6	\$ 777.3	\$ --	\$ (108.3)	\$ 6,822.6
Cost of sales	5,559.8	818.3	(58.8) (2)	(108.3)	6,211.0
SG&A expenses	238.6	97.6	(56.1) (4)	--	280.1
Amortization of goodwill	35.8	--	3.2 (5)	--	39.0
Operating income/(loss)	319.4	(138.6)	111.7	--	292.5
Interest expense	79.2	--	8.6 (6)	--	87.8
Other (income)/expense, net	18.0	(6.1)	--	--	11.9
Income/(loss) before income taxes	222.2	(132.5)	103.1	--	192.8
Provision for income taxes	87.6	1.4	(13.1) (7)	--	75.9
Net income/(loss)	\$ 134.6	\$ (133.9)	\$ 116.2	\$ --	\$ 116.9
Basic net income per share	\$ 2.01				\$ 1.74
Diluted net income per share	\$ 1.97				\$ 1.71

Year Ended December 31, 1997

	Lear	Delphi Seating (1)	Adjustments	Eliminations (8)	Pro-Forma
Net sales	\$ 7,342.9	\$ 1,404.9	\$ --	\$ (336.7)	\$ 8,411.1
Cost of sales	6,533.5	1,502.6	(147.6) (3)	(336.7)	7,551.8
SG&A expenses	286.9	210.2	(112.2) (4)	--	384.9
Amortization of goodwill	41.4	--	4.9 (5)	--	46.3
Operating income/(loss)	481.1	(307.9)	254.9	--	428.1
Interest expense	101.0	--	12.9 (6)	--	113.5
Other expense, net	28.8	4.4	--	--	33.2
Income/(loss) before income taxes and extraordinary item	351.3	(312.3)	242.0	--	281.0
Provision for income taxes and extraordinary item	143.1	1.2	(27.9) (7)	--	116.4
Income (loss) before extraordinary item	\$ 208.2	\$ (313.5)	\$ 269.9	\$ --	\$ 164.6
Basic net income per share before extraordinary item	\$ 3.14				\$ 2.48
Diluted net income per share before extraordinary item	\$ 3.05				\$ 2.41

- (1) The Delphi Seating historical information represents the unaudited sales less costs and expenses for the eight months ended August 31, 1998 and the audited sales less costs and expenses for the year ended December 31, 1997. The sales less costs and expenses for the one month ended September 26, 1998 are included in the historical results of the Company.
- (2) Represents the elimination of items with no continuing impact on the Company's results of operations due to differences in accounting policies of (i) the capitalization of fixed asset purchases which were expensed by Delphi Seating of \$31.2 million; (ii) recognition of depreciation expense on fixed assets which Delphi Seating had previously written off of \$8.9 million; and (iii) the elimination of favorable LIFO inventory adjustment of \$6.1 million. Also represents the elimination of (i) operating losses at plants which were not included in the acquisition of \$27.3 million and (ii) a charge related to the employee benefit obligations not assumed by the Company of \$15.3 million.
- (3) Represents the elimination of items with no continuing impact on the Company's results of operations of (i) a one-time asset impairment charge recorded by the seller of \$75.8 million; (ii) operating losses at plants which were not included in the acquisition of \$46.3 million; (iii) a charge related to the employee benefit obligations not assumed by the Company of \$20.7 million; and (iv) a LIFO inventory adjustment which is inconsistent with the Company's accounting policy, which is to account for inventory on a FIFO basis, of \$4.8 million.
- (4) Represents the elimination of the following items with no continuing impact on the Company's results of operations:

	Nine Months Ended September 26, 1998	Year Ended December 31, 1997
	-----	-----
One-time charge related to the closure of a plant not acquired by the Company	\$ -	\$ 80.0
Elimination of certain allocated expenses	56.1	32.2
	-----	-----
	\$ 56.1	\$ 112.2
	=====	=====

- (5) The adjustment to goodwill amortization represents additional goodwill amortization resulting from the acquisition of Delphi Seating.
- (6) The adjustment to interest expense represents estimated interest on borrowings under the Company's revolving credit facility to finance the Delphi Seating acquisition.
- (7) Reflects the income tax effects of the operating and financing adjustments and an adjustment to reflect the appropriate provision for the consolidated operations.
- (8) Reflects the elimination of net sales between Delphi Seating and the Company.



LEAR CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEET  
 (Unaudited, in millions)

September 26,  
 1998  
 ----

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 32.7
Accounts receivable, net	1,299.2
Inventories	332.7
Recoverable customer engineering and tooling	227.3
Other	173.6
	-----
	2,065.5
	-----

LONG-TERM ASSETS:

Property, plant and equipment, net	1,132.1
Goodwill, net	2,002.0
Other	279.7
	-----
	3,413.8
	-----
	\$ 5,479.3
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Short-term borrowings	\$ 45.9
Accounts payable, net	1,473.7
Accrued liabilities	767.2
Current portion of long-term debt	10.8
	-----
	2,297.6
	-----

LONG-TERM LIABILITIES:

Deferred national income taxes	71.1
Long-term debt	1,466.3
Other	334.7
	-----
	1,872.1
	-----

STOCKHOLDERS' EQUITY:

Common stock	0.7
Additional paid-in capital	855.2
Notes receivable from sale of common stock	(0.1)
Less - Common stock held in treasury at cost	(18.3)
Retained earnings	535.9
Minimum pension liability adjustment	(0.5)
Cumulative translation adjustment	(63.3)
	-----
	1,309.6
	-----
	\$ 5,479.3
	=====

## LEAR CORPORATION

## NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

## (1) Purchase Price Allocation

The Delphi Seating acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed in the acquisition have been reflected in the accompanying balance sheet of the Company as of September 26, 1998. The aggregate purchase price of the acquisition and related allocation, were as follows (in millions):

Consideration paid to seller, net of \$6.6 million cash acquired	\$ 211.1
Deferred purchase price	30.0
Debt assumed	0.5
Estimated fees and expenses	2.0
	-----
Cost of acquisition	\$ 243.6
	=====
Property, plant and equipment	\$ 70.2
Net working capital	7.4
Other assets purchased and liabilities assumed, net	(28.0)
Goodwill	194.0
	-----
Total cost allocation	\$ 243.6
	=====

The preliminary purchase price allocation is based on historical costs and management's estimates which may differ from the final allocation. Management is currently evaluating the business acquired and adjustments to the preliminary allocation may result upon finalization of this evaluation.

## (2) Goodwill

The amount of goodwill recorded as a result of the acquisition is being amortized on a straight - line basis over 40 years.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LEAR CORPORATION

/s/ Donald J. Stebbins

-----  
Donald J. Stebbins  
Senior Vice President and  
Chief Financial Officer

November 16, 1998

EXHIBIT NUMBER

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23.1

Consent of Deloitte & Touche LLP

## INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference of our report dated August 21, 1998 on the Seating Business of the Delphi Interior & Lighting Systems Division of General Motors Corporation, appearing in this Form 8-K/A of Lear Corporation dated September 1, 1998, in the following Registration Statements of Lear Corporation:

Form	Registration Statement No.	Description
-----	-----	-----
S-8	333-62647	Personal Savings Plan for Delphi Hourly-Rate Employees
S-8	333-59467	Executive Compensation
S-3	333-43085	Shelf Registration
S-8	333-28419	Outside Directors Compensation
S-3	333-16341	Direct Stock Purchase Plan
S-8	333-16413	Long-term Stock Incentive Plan
S-8	333-16415	Bargaining and Non-Bargaining Savings Plan
S-8	333-03383	1996 Stock Option Plan
S-8	333-06209	Masland Options
S-8	33-61739	Automotive Industries Holding, Inc. Options
S-8	33-57237	Lear 401(k)
S-8	33-55783	1988, 1992 and 1994 Option Plans

/s/Deloitte & Touche LLP  
 Detroit, Michigan  
 November 16, 1998