AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 28, 1996

REGISTRATION NO. 333-05809

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LEAR CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE	13-3386776
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

21557 TELEGRAPH ROAD
SOUTHFIELD, MICHIGAN 48086-5008
(810) 746-1500
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

JAMES H. VANDENBERGHE
21557 TELEGRAPH ROAD
SOUTHFIELD, MICHIGAN 48086-5008
(810) 746-1500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Robert W. Ericson
John L. MacCarthy
Winston & Strawn
200 Park Avenue
New York, New York 10166
(212) 294-6700
David Mercado
Cravath, Swaine & Moore
825 Eighth Avenue
New York, New York 10019

(212) 474-1000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As soon as practicable after the registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED JUNE 28, 1996

PROSPECTUS

$200,000,000

LEAR CORP. LOGO

% SUBORDINATED NOTES DUE 2006

INTEREST PAYABLE AND

Lear Corporation ("Lear" or the "Company") is offering $200,000,000 aggregate principal amount of its % Subordinated Notes due 2006 (the "Notes"). Interest on the Notes will be payable on and of each year, commencing . The Notes will be redeemable at the option of Lear, in whole or in part, on or after , 2001, at the redemption prices set forth herein, plus accrued and unpaid interest to the date of redemption. The Notes will not be subject to any mandatory sinking fund payment.

Each holder of the Notes may require Lear to repurchase such holder's Notes in the event of a Change of Control Triggering Event (as defined herein) at 101% of the principal amount thereof, plus accrued interest to the date of repurchase.

The Notes will be general unsecured obligations of Lear, subordinated in right of payment to all existing and future Senior Indebtedness (as defined herein) of Lear. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions (as defined herein), the aggregate amount of Senior Indebtedness of Lear was approximately $899.7 million, including obligations under the Credit Agreements (as defined herein) and the Senior Subordinated Notes (as defined herein). Additionally, certain of Lear's subsidiaries have outstanding indebtedness that effectively ranks prior to the claims of the holders of the Notes. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions, Lear's subsidiaries would have had outstanding approximately $46.6 million of indebtedness. See "Description of the Notes."

Concurrently with this offering of Notes (the "Note Offering"), the Company is selling 7,500,000 shares of its Common Stock ("Common Stock") in an underwritten public offering (the "Common Stock Offering"). The Note Offering is conditioned in its entirety upon consummation of the Common Stock Offering.

SEE "RISK FACTORS" COMMENCING ON PAGE 11 HEREIN FOR CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNT(2)	PROCEEDS TO COMPANY(1)(3)
Per Note	100%	%	%
Total	$200,000,000	$	$

(1) Plus accrued interest, if any, from .
(2) Lear has agreed to indemnify the several Underwriters and certain other persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(3) Before deducting expenses payable by Lear estimated at $.

The Notes offered by this Prospectus are offered by the Underwriters subject to prior sale, withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of the Notes will be made at the offices of BT Securities Corporation, One Bankers Trust Plaza, New York, New York, on or about , 1996.

BT SECURITIES CORPORATION

CHASE SECURITIES INC.
MORGAN STANLEY & CO.
INCORPORATED
SCHRODER WERTHEIM & CO.

The date of this Prospectus is , 1996

[INSIDE FRONT COVER]

LEAR CORPORATION LOGO

INTERIOR SYSTEMS CAPABILITIES

[A PICTURE OF A FORD WINDSTAR SEAT SYSTEM]

[A PICTURE OF A FORD WINDSTAR]

[A PICTURE OF A CHEVROLET CAVALIER DOOR PANEL]

[A PICTURE OF A CHEVROLET CAVALIER]

[DIAGRAM OF AN AUTOMOTIVE INTERIOR ILLUSTRATING FOUR INTERIOR PRODUCTS:
SEAT SYSTEMS, DOOR PANELS, HEADLINERS AND FLOOR AND ACOUSTIC SYSTEMS]

[A PICTURE OF A SAAB 9000]

[A PICUTRE OF A SAAB 9000 HEADLINER]

[A PICTURE OF A JEEP GRAND CHEROKEE]

[A PICTURE OF A JEEP GRAND CHEROKEE FLOOR SYSTEM]

IN CONNECTION WITH THE NOTE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files periodic reports and other information with the Securities and Exchange Commission (the "Commission"). The registration statement ("Registration Statement") (which term encompasses any amendments thereto) and the exhibits thereto filed by the Company with the Commission, as well as the reports and other information filed by the Company with the Commission, may be inspected at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and are also available for inspection and copying at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and at the New York Stock Exchange located at 20 Broad Street, New York, New York 10005. Copies of such material may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The Company will send to each holder of the Notes annual reports containing audited consolidated financial statements of the Company and a report thereon by independent public accountants and quarterly reports for the first three quarters of each fiscal year containing unaudited condensed consolidated financial information, in compliance with the terms of the Indenture pursuant to which the Notes will be issued.

The Company has filed with the Commission a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Notes. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits and schedules thereto, to which reference is hereby made. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement or to a document incorporated by reference herein, reference is hereby made to the exhibit for a more complete description of the matter involved and each such statement shall be deemed qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are incorporated in this Prospectus by reference and made a part hereof:

(a) the Company's Annual Report on Form 10-K for the year ended December 31, 1995;

(b) the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1996;

(c) the Company's Current Report on Form 8-K dated May 22, 1996;

(d) the audited consolidated financial statements of Automotive Industries Holding, Inc. and the notes thereto included on pages 3 through 36 of the Company's Current Report on Form 8-K dated August 28, 1995; and

(e) the Company's Registration Statement on Form 8-A filed on April 1, 1994, as amended by Amendment No. 1 on Form 8-A/A filed on April 5, 1994.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the Note Offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide, without charge, to each person to whom a copy of this Prospectus is delivered, on the written or oral request of such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits thereto, unless such exhibits are specifically incorporated by reference into the information that this Prospectus incorporates). Written or telephone requests for such copies should be directed to the Company's principal office: Lear Corporation, 21557 Telegraph Road, P.O. Box 5008, Southfield, Michigan 48086-5008, Attention: Director of Investor Relations (telephone: (800) 413-5327).

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements appearing elsewhere or incorporated by reference in this Prospectus. As used in this Prospectus, unless the context otherwise requires, the "Company" or "Lear" refers to Lear Corporation and its consolidated subsidiaries. A significant portion of the Company's operations, including the operations of the Company's AI Division and Masland Division, are conducted through wholly-owned subsidiaries of Lear Corporation. Effective as of May 9, 1996, Lear changed its name from "Lear Seating Corporation" to "Lear Corporation." Unless otherwise indicated, all information contained in this Prospectus is based on the assumption that the Underwriters' over-allotment option is not exercised.

THE COMPANY

GENERAL

Lear is the largest independent supplier of automotive interior systems in the estimated $40 billion global automotive interior market and the tenth largest independent automotive supplier in the world. The Company's principal products include: finished automobile and light truck seat systems; interior trim products, such as door panels and headliners; and component products, such as seat frames, seat covers and various blow molded plastic parts. The Company's extensive product offerings were recently expanded through the acquisition of Masland Corporation ("Masland"), a leading Tier I designer and manufacturer of automotive floor and acoustic systems and interior and luggage trim components. This acquisition, together with the August 1995 acquisition of Automotive Industries Holding, Inc. ("AI" or "Automotive Industries"), has made Lear the world's largest independent automotive supplier with the ability to design, engineer, test and deliver products for a total vehicle interior. As original equipment manufacturers ("OEMs") continue their worldwide expansion and seek ways to improve their vehicle quality while simultaneously reducing the costs of various vehicle components, management believes that suppliers such as Lear will be increasingly asked to fill the role of "Systems Integrator" to manage the design, purchasing and supply of the total automotive interior. Lear's full-service capabilities make it well-positioned to fill this role.

The Company has experienced substantial growth in market presence and profitability over the last five years both as a result of internal growth as well as acquisitions. The Company's sales have grown from approximately $1.1 billion for the year ended June 30, 1991 to approximately $4.7 billion for the year ended December 31, 1995, a compound annual growth rate of 38%. After giving pro forma effect to the AI and Masland acquisitions, the Company sales would have been approximately $5.7 billion for the year ended December 31, 1995. The Company's operating income has grown from approximately $44.7 million for the year ended June 30, 1991 to approximately $244.8 million for the year ended December 31, 1995, a compound annual growth rate of 46%.

The Company's present customers include 24 OEMs, the most significant of which are Ford, General Motors, Fiat, Chrysler, Volvo, Saab, Volkswagen, Audi and BMW. As of June 1, 1996, after giving pro forma effect to the acquisition of Masland, the Company would have employed approximately 40,000 people in 19 countries and operated 131 manufacturing, research, design, engineering, testing and administration facilities.

STRATEGY

The Company's principal objective is to expand its position as the leading independent supplier of automotive interior systems in the world. To this end, the Company's strategy is to capitalize on two significant trends in the automotive industry: (i) the outsourcing of automotive components and systems by OEMs; and (ii) the consolidation and globalization of the OEMs' supply base. Outsourcing of interior components and systems has increased in response to competitive pressures on OEMs to improve quality and reduce capital needs, costs of labor, overhead and inventory. Consolidation among automotive industry suppliers has occurred as OEMs have more frequently awarded long-term sole source contracts to the most capable global suppliers. Increasingly, the criteria for selection include not only cost, quality and responsiveness, but also certain full-service capabilities including design, engineering and project management support. With the recent acquisitions of AI and Masland, Lear has substantial manufacturing capabilities in four of the five principal

automotive interior segments: seat systems; floor and acoustic systems; door panels; and headliners. The Company intends to enter into the remaining interior segment, instrument panels, through strategic alliances, acquisitions, supplier relationships and/or joint ventures.

Elements of the Company's strategy include:

- Strong Relationships with the OEMs. The Company's management has developed strong relationships with its 24 OEM customers which allow Lear to identify business opportunities and customer needs in the early stages of vehicle design. Management believes that working closely with OEMs in the early stages of designing and engineering automotive interior systems and components gives it a competitive advantage in securing new business. Lear maintains an excellent reputation with the OEMs for timely delivery and customer service and for providing world class quality at competitive prices.

- Global Presence. In 1995, more than two-thirds of total worldwide vehicle production occurred outside of the United States and Canada. Due to the opportunity for significant cost savings and improved product quality and consistency, OEMs have increasingly required their suppliers to manufacture automotive interior systems and components in multiple geographic markets. In recent years, the Company has aggressively expanded its operations in Western Europe and emerging markets in South America, South Africa, the Pacific Rim and elsewhere, giving it the capability to provide its products on a global basis to its OEM customers. In 1995, the Company's sales outside the United States and Canada, after giving pro forma effect to the AI and Masland acquisitions, would have grown to approximately $1.7 billion, or approximately 30% of the Company's total pro forma sales.

- Increased Interior Content. OEMs increasingly view the interior of the vehicle as a major selling point to their customers. A major focus of Lear's research and development efforts is to identify new interior features that make vehicles safer and more comfortable, while continuing to appeal to consumer preferences. The development of these features has been, and management believes will continue to be, an important factor in the Company's future growth.

- Product Technology and Product Design Capability. Lear has made substantial investments in product technology and product design capability to support its products. The Company maintains four advanced technical centers (in Southfield, Michigan, Rochester Hills, Michigan, Plymouth, Michigan and Turin, Italy) where it develops and tests current and future products to determine compliance with safety standards, quality and durability, response to environmental conditions and user wear and tear. The Company also has state-of-the art acoustics testing, instrumentation and data analysis capabilities. At its 16 customer-dedicated engineering centers, specific program applications are developed and tested. The Company has also made substantial investments in advanced computer aided design, engineering and manufacturing ("CAD/CAM") systems.

- Lean Manufacturing Philosophy. Lear's "lean manufacturing" philosophy seeks to eliminate waste and inefficiency in its own operations and in those of its customers and suppliers. All of the Company's seat system facilities and many of its other manufacturing facilities are linked by computer directly to those of the Company's suppliers and customers. These facilities receive components from their suppliers on a just-in-time ("JIT") basis, and deliver interior systems and components to their customers on a sequential just-in-time basis, which provides products to an OEM's manufacturing facility in the color and order in which the products are used. This process minimizes inventories and fixed costs for both the Company and its customers and enables the Company to deliver products on as little as 90 minutes' notice.

- Growth Through Strategic Acquisitions. Strategic acquisitions have been, and management believes will continue to be, an important element in the Company's growth worldwide and in its efforts to capitalize on automotive industry trends. These acquisitions complement Lear's existing capabilities and provide new growth opportunities. The Company's recent acquisitions have expanded its OEM customer base and worldwide presence and enhanced its relationships with existing customers. The Company's most recent acquisitions have also given it a significant presence in the non-seating segments of the automobile and light truck interior market. In 1995, after giving pro forma effect to the AI and Masland

acquisitions, the Company's sales of non-seating systems and components would have been approximately $1.4 billion, or approximately 25% of the Company's total pro forma sales.

Implementation of the Company's strategy has resulted in rapid growth of the Company's net sales from approximately $159.8 million in the fiscal year ended June 30, 1983 to approximately $4.7 billion in the year ended December 31, 1995, a compound annual growth rate of approximately 33%. This increase in sales has been achieved through internal growth as well as through acquisitions. In 1995, the Company was the leading independent supplier to the $40 billion global automotive interior market, with a 12% share after giving pro forma effect to the AI and Masland acquisitions. The Company's North American content per vehicle has increased from $12 in 1983 to $227 in 1995. In Europe, the Company's content per vehicle has grown from $3 in 1983 to $102 in 1995.

RECENT ACQUISITIONS

The Company is acquiring all of the issued and outstanding common stock of Masland (the "Masland Acquisition") for an aggregate purchase price of approximately $459.6 million (including the assumption of Masland's existing indebtedness, net of cash and cash equivalents, of $64.7 million and the payment of fees and expenses of $10 million in connection with the acquisition). The acquisition of Masland gives the Company substantial capabilities to produce automotive floor and acoustic systems, which the Company did not previously have. In 1995, Masland held a leading 38% share of the estimated $1 billion North American floor and acoustic systems market. Masland is also a major supplier of interior and luggage compartment trim components and other acoustical products which are designed to minimize noise and vibration for passenger cars and light trucks. Masland supplies the North American operations of Ford, Chrysler, General Motors, Honda, Isuzu, Mazda, Mitsubishi, Nissan, Subaru and Toyota, as well as the European operations of Nissan, Peugeot and Saab. Masland has had a continuous relationship with Ford, its largest customer, since 1922. For its fiscal year ended June 30, 1995, Masland had net sales, EBITDA, operating income and net income of $496.6 million, $62.2 million, $47.0 million and $21.3 million, respectively.

In August 1995, the Company acquired all of the issued and outstanding common stock of Automotive Industries, a leading designer and manufacturer of high quality interior trim systems and blow molded products principally for North American and European car and light truck manufacturers. The acquisition of AI (the "AI Acquisition") afforded Lear a significant presence in the door panel and headliner segments of the interior market, which account for approximately 15% of the global automotive interior market. The AI Acquisition also gave the Company access to AI's premier program management systems, CAD/CAM capabilities, product and process variety and technological expertise.

The acquisitions of AI and Masland have solidified the Company's position as the leading independent automotive interior supplier in the world. Currently, Lear has manufacturing capabilities in four of the five principal automotive interior segments: seat systems; floor and acoustic systems; door panels; and headliners. Lear intends to enter into the remaining segment, instrument panels, through strategic alliances, acquisitions, supplier relationships and/or joint ventures. Management believes that the Company's ability to offer OEMs a total interior system provides Lear with a competitive advantage as OEMs continue to reduce their supplier base while demanding improved quality and additional Tier I services. Management believes that as the outsourcing and supplier consolidation trends continue, OEMs will increasingly seek global suppliers, such as Lear, to provide total interiors, resulting in greater value from the on-going integration of the Lear, AI and Masland businesses and long-term growth opportunities for the Company.

In addition to the AI and Masland acquisitions, since 1990 Lear has completed five additional strategic acquisitions. In December 1994, the Company acquired the primary automotive seat systems supplier to Fiat and certain related businesses (the "Fiat Seat Business" or the "FSB"), establishing Lear as the leading independent supplier of automotive seat systems in Europe. In 1993, the Company significantly expanded its operations in North America by purchasing certain portions of the North American seat cover and seat systems business (the "NAB") of Ford (the "NAB Acquisition"). In 1991 and 1992, the Company acquired the seat systems businesses of Saab in Sweden and Finland and of Volvo in Sweden. In addition to broadening

the Company's geographic coverage, these acquisitions, like the AI and Masland acquisitions, have expanded the Company's customer base and solidified relationships with existing customers.

The Company's principal executive offices are located at 21557 Telegraph Road, Southfield, Michigan 48086-5008. Its telephone number at that location is (800) 413-5327.

COMMON STOCK OFFERING

Concurrently with the Note Offering, the Company is selling 7,500,000 shares of its Common Stock ("Common Stock") in the Common Stock Offering. In such offering, certain selling stockholders are also selling 7,500,000 shares of Common Stock (without giving effect to the underwriters' over-allotment option). The Note Offering is conditioned in its entirety upon the consummation of the Common Stock Offering. The Common Stock Offering is not, however, conditioned upon the consummation of the Note Offering. The net proceeds to the Company from the Common Stock Offering will be used to repay a portion of the indebtedness outstanding under the Credit Agreement and/or the New Credit Agreement (each as defined herein).

THE NOTE OFFERING

Securities Offered.....	$200,000,000 principal amount of % Subordinated Notes due 2006.
Maturity Date.....	, 2006.
Interest Payment Dates...	and , commencing .
Optional Redemption.....	The Notes will be redeemable at the option of the Company, in whole or in part, on or after , 2001, at the redemption prices set forth herein, plus accrued and unpaid interest to the date of redemption.
Mandatory Sinking Fund...	None.
Subordination.....	The Notes will be subordinated in right of payment to all existing and future Senior Indebtedness (as defined in "Description of the Notes -- Certain Definitions") of the Company and will be senior in right of payment to or pari passu with all other subordinated indebtedness of the Company. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions, the aggregate amount of Senior Indebtedness of the Company (including its obligations under the Credit Agreements and the Senior Subordinated Notes) would have been approximately $899.7 million. In addition, certain of the Company's subsidiaries have outstanding indebtedness that effectively ranks prior to the claims of the holders of the Notes. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions, the Company's subsidiaries would have had outstanding approximately $46.6 million of indebtedness. See "Description of the Notes -- Subordination."
Change of Control Triggering Event.....	Upon a Change of Control Triggering Event (as defined herein), each holder of the Notes may require the Company to repurchase such holder's Notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. See "Description of the Notes -- Certain Covenants -- Repurchase of Notes Upon a Change of Control Triggering Event."
Certain Covenants.....	The Indenture under which the Notes will be issued will contain certain covenants that will restrict, among other things, the incurrence of additional indebtedness, the payment of dividends, the repurchase of capital stock and the making of certain other Restricted Payments (as defined herein), the creation of liens, the creation of any restriction on the ability of subsidiaries of the Company to pay dividends or to make any other distributions, sales of assets, the issuance of preferred stock, transactions with affiliates and certain mergers and consolidations. See "Description of the Notes -- Certain Covenants."
Use of Proceeds.....	The net proceeds to the Company from the Note Offering will be used to repay indebtedness outstanding under the Credit Agreement, a portion of which was incurred to finance the Masland Acquisition, and/or indebtedness outstanding under the New Credit Agreement.

RISK FACTORS

Investment in the Notes involves certain risks discussed under "Risk Factors" that should be considered by prospective purchasers.

SUMMARY FINANCIAL DATA OF THE COMPANY

The following summary consolidated financial data were derived from the consolidated financial statements of the Company. The consolidated financial statements of the Company for each of the years ended December 31, 1995, 1994 and 1993 have been audited by Arthur Andersen LLP. The consolidated financial statements of the Company for the three months ended March 30, 1996 and April 1, 1995 are unaudited; however, in the Company's opinion, they reflect all adjustments, consisting only of normal recurring items, necessary for a fair presentation of the financial position and results of operations for such periods. The results for the three months ended March 30, 1996 are not necessarily indicative of the results to be expected for the full year. The summary financial data below should be read in conjunction with the other financial data of the Company included in this Prospectus, the consolidated financial statements of the Company and the notes thereto incorporated by reference in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company."

LEAR CORPORATION

	AS OF OR FOR THE THREE MONTHS ENDED		AS OF OR FOR THE YEAR ENDED		
	MARCH 30, 1996	APRIL 1, 1995	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)				
OPERATING DATA:					
Net sales	$1,405.8	$1,043.5	$4,714.4	$3,147.5	$1,950.3
Operating income	70.0	47.7	244.8	169.6	79.6
Interest expense(1)	24.4	14.2	75.5	46.7	45.6
Net income (loss)(2)	25.8	17.0	91.6	59.8	(13.8)
Net income (loss) per share(2)	.43	.34	1.74	1.26	(.39)
BALANCE SHEET DATA:					
Total assets	$3,122.2	$1,797.9	$3,061.3	$1,715.1	$1,114.3
Long-term debt	1,033.3	519.9	1,038.0	418.7	498.3
Stockholders' equity	612.5	217.1	580.0	213.6	43.2
OTHER DATA:					
EBITDA(3)	$ 103.2	$ 66.1	$ 336.8	$ 225.7	$ 122.2
Depreciation and amortization	33.2	18.4	92.0	56.1	42.6
Capital expenditures	33.7	23.6	110.7	103.1	45.9
North American content per vehicle(4)	274	182	227	169	112
European content per vehicle(5)	107	78	102	48	38
Ratio of EBITDA to interest expense (1)(3)	4.2x	4.7x	4.5x	4.8x	2.7x
Ratio of earnings to fixed charges(6)	2.5x	2.9x	2.9x	3.2x	1.5x

- ------------------------

(1) Interest expense includes non-cash charges for amortization of deferred financing fees of approximately $.8 million, $.6 million, $2.7 million, $2.4 million and $2.6 million for the three months ended March 30, 1996 and April 1, 1995 and for the years ended December 31, 1995, 1994 and 1993, respectively.

(2) After extraordinary charges of $2.6 million and $11.7 million ($.05 and $.33 per share) for the years ended December 31, 1995 and 1993, respectively, relating to the early extinguishment of debt.

(3) "EBITDA" is operating income plus amortization and depreciation. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(4) "North American content per vehicle" is the Company's net automotive sales in North America divided by total North American vehicle production. "North American vehicle production" comprises car and light truck production in the United States, Canada and Mexico estimated by the Company from industry sources.

(5) "European content per vehicle" is the Company's net automotive sales in Western Europe divided by total Western European vehicle production. "Western European vehicle production" comprises car and light truck production in Western Europe estimated by the Company from industry sources.

(6) "Fixed charges" consist of interest on debt, amortization of deferred financing fees and that portion of rental expenses representative of interest (deemed to be one-third of rental expenses). "Earnings" consist of income (loss) before income taxes, fixed charges, undistributed earnings and minority interest.

SUMMARY FINANCIAL DATA OF MASLAND CORPORATION

The following summary consolidated financial data were derived from the consolidated financial statements of Masland. The consolidated financial statements of Masland for each fiscal year presented have been audited by Price Waterhouse LLP. The consolidated financial statements of Masland for the nine months ended March 29, 1996 and March 31, 1995 are unaudited; however, in the opinion of Masland's management, they reflect all adjustments, consisting only of normal recurring items, necessary for a fair presentation of the financial position and results of operations for such periods. The results for the nine months ended March 29, 1996 are not necessarily indicative of the results to be expected for the full fiscal year. The summary financial data below should be read in conjunction with the other financial data of Masland included in this Prospectus, the consolidated financial statements of Masland and the notes thereto incorporated by reference in this Prospectus and "Management's Discussion and Analysis of Results of Operations of Masland Corporation."

MASLAND CORPORATION

	AS OF OR FOR THE NINE MONTHS ENDED		AS OF OR FOR THE FISCAL YEAR ENDED		
	MARCH 29, 1996	MARCH 31, 1995	JUNE 30, 1995	JULY 1, 1994	JULY 2, 1993
	(DOLLARS IN MILLIONS, EXCEPT CONTENT PER VEHICLE DATA)				
OPERATING DATA:					
Net sales	$ 343.4	$ 373.8	$496.6	$ 429.9	$ 353.5
Operating income	26.5	34.2	47.0	45.0	25.8
Net income applicable to common stock	11.8	15.0	21.3	20.5	11.7
BALANCE SHEET DATA:					
Total assets	$ 276.8	$ 226.0	$228.0	$ 203.8	$ 197.3
Long-term debt	70.8	40.2	37.0	31.4	50.1
Stockholders' equity	98.8	82.5	88.2	68.5	60.1
OTHER DATA:					
EBITDA(1)	$ 40.2	$ 46.5	$ 62.2	$ 57.6	$ 37.1
Capital expenditures	20.6	14.7	22.0	17.8	18.0
North American content per vehicle(2)	34	31	33	30	26

- ---

(1) "EBITDA" is operating income plus amortization and depreciation. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(2) "North American content per vehicle" is Masland's net automotive sales in North America divided by total North American vehicle production. "North American vehicle production" comprises car and light truck production in the United States, Canada and Mexico estimated by the Company from industry sources.

SUMMARY PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL DATA

The following summary pro forma unaudited consolidated financial data were derived from and should be read in conjunction with the pro forma unaudited consolidated financial data included elsewhere in this Prospectus. The following summary pro forma unaudited consolidated operating data and other data of the Company for the three months ended March 30, 1996 and for the year ended December 31, 1995 were prepared to illustrate the estimated effects of (i) the Masland Acquisition (including the refinancing of certain debt of Masland with borrowings under the Credit Agreement), (ii) the AI Acquisition (including the refinancing of certain debt of AI with borrowings under the Credit Agreement), (iii) the acquisition of Plastifol GmbH & Co. KG ("Plastifol") by AI in July 1995 prior to the AI Acquisition (the "Plastifol Acquisition"), (iv) the public offering of Common Stock by the Company and the application of the net proceeds therefrom in September 1995 (the "1995 Stock Offering"), (v) the refinancing of the Company's prior credit facility with borrowings under the Credit Agreement, (vi) the completion of the New Credit Agreement and (vii) the Note Offering and the Common Stock Offering and the application of the net proceeds to the Company therefrom to repay indebtedness incurred under the Credit Agreement to finance the Masland Acquisition (collectively, the "Pro Forma Transactions"), as if the Pro Forma Transactions had occurred on January 1, 1995. The following summary pro forma unaudited consolidated balance sheet data were prepared as if the completion of the New Credit Agreement, the Masland Acquisition, the Note Offering and the Common Stock Offering and the application of the net proceeds therefrom to repay indebtedness incurred pursuant to the Credit Agreement to finance the Masland Acquisition had occurred as of March 30, 1996. The following summary pro forma unaudited consolidated financial data do not purport to represent (i) the actual results of operations or financial condition of the Company had the Pro Forma Transactions occurred on the dates assumed or (ii) the results to be expected in the future.

	AS OF OR FOR THE THREE MONTHS ENDED MARCH 30, 1996	AS OF OR FOR THE YEAR ENDED DECEMBER 31, 1995
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)	
OPERATING DATA:		
Net sales	$ 1,527.3	$ 5,708.0
Operating income	81.5	327.1
Interest expense(1)	29.5	123.4
Net income	28.2	104.8
Net income per share	.42	1.55
BALANCE SHEET DATA:		
Total assets	$ 3,700.6	
Long-term debt	1,238.4	
Stockholders' equity	885.5	
OTHER DATA:		
EBITDA(2)	$ 120.7	$ 467.2
Depreciation and amortization	39.2	140.1
Capital expenditures	41.8	184.2
North American content per vehicle(3)	308	285
European content per vehicle(4)	107	111
Ratio of EBITDA to interest expense(1)(2)	4.1x	3.8x
Ratio of earnings to fixed charges(5)	2.5x	2.4x

- ------------------------

(1) Interest expense includes non-cash charges for amortization of deferred financing fees of approximately $1.0 million and $3.7 million for the three months ended March 30, 1996 and the year ended December 31, 1995, respectively.

(2) "EBITDA" is operating income plus amortization and depreciation. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(3) "North American content per vehicle" is the Company's pro forma net automotive sales in North America divided by total North American vehicle production. "North American vehicle production" comprises car and light truck production in the United States, Canada and Mexico estimated by the Company from industry sources.

(4) "European content per vehicle" is the Company's pro forma net automotive sales in Western Europe divided by total Western European vehicle production. "Western European vehicle production" comprises car and light truck production in Western Europe estimated by the Company from industry sources.

(5) "Fixed charges" consist of interest on debt, amortization of deferred financing fees and that portion of rental expenses representative of interest (deemed to be one-third of rental expenses). "Earnings" consist of income (loss) before income taxes, fixed charges, undistributed earnings and minority interest.

RISK FACTORS

A potential investor should consider carefully all of the information contained in this Prospectus before deciding whether to purchase the Notes offered hereby and, in particular, should consider the following:

LEVERAGE

A significant portion of the funds needed to finance the Company's recent acquisitions, including the Masland Acquisition and the AI Acquisition, were initially raised through borrowings. As a result, the Company has debt that is greater than its stockholders' equity and a significant portion of the Company's cash flow from operations will be used to service its debt obligations. As of March 30, 1996, after giving effect to the Pro Forma Transactions, the Company would have had total debt of $1,268.7 million and stockholders' equity of $885.5 million, producing a total capitalization of $2,154.2 million, so that total debt as a percentage of total capitalization would have been approximately 59%.

The Company's leverage may have consequences, including the following: (i) the ability of the Company to obtain additional financing for working capital, capital expenditures and debt service requirements or other purposes may be impaired; (ii) the Company may be more highly leveraged than companies with which it competes, which may place it at a competitive disadvantage; (iii) because certain of the Company's obligations under the Credit Agreement and the New Credit Agreement bear interest at floating rates, an increase in interest rates could adversely affect the Company's ability to service its debt obligations; and (iv) the Company may be more vulnerable in the event of a downturn or disruption in its business or in the economy generally. If the Company is unable to generate sufficient cash flow to service its debt obligations, it will have to adopt one or more alternatives, such as reducing or delaying planned expansion and capital expenditures, selling assets, restructuring debt or obtaining additional equity capital. There can be no assurance that any of these strategies could be effected on satisfactory terms.

In addition, the Credit Agreement and the New Credit Agreement, together with the Company's 11 1/4% Senior Subordinated Notes due 2000 (the "Senior Subordinated Notes"), its 8 1/4% Subordinated Notes due 2002 (the "Subordinated Notes") and the Notes, contain or will contain various restrictive covenants including, among other things, financial covenants relating to the maintenance of minimum operating profit and net worth levels and interest coverage ratios as well as restrictions on indebtedness, guarantees, acquisitions, capital expenditures, investments, loans, liens, dividends and other restricted payments and asset sales. Such restrictions, together with the leveraged nature of the Company, could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments or to take advantage of business opportunities.

NATURE OF AUTOMOTIVE INDUSTRY

The Company's principal operations are directly related to domestic and foreign automotive vehicle production. Automobile sales and production are cyclical and can be affected by the strength of a country's general economy. In addition, automobile production and sales can be affected by labor relations issues, regulatory requirements, trade agreements and other factors. A decline in automotive sales and production could result in a decline in the Company's results of operations or financial condition.

RELIANCE ON MAJOR CUSTOMERS AND SELECTED CAR MODELS

Two of the Company's customers, General Motors and Ford, accounted for approximately 34% and 33%, respectively, of the Company's net sales during fiscal 1995. After giving effect to the Masland Acquisition, sales to General Motors and Ford will continue to represent a similar substantial portion of the Company's total sales. Although the Company has purchase orders from many of its customers, such purchase orders generally provide for supplying the customers' annual requirements for a particular model or assembly plant, renewable on a year-to-year basis, rather than for manufacturing a specific quantity of products. In addition, certain of the Company's manufacturing and assembly plants are dedicated to a single customer's automotive assembly plant. The customer's decision to close any such plant would require the Company to obtain alternate supply agreements, relocate existing business to such facility or close such facility. To date, neither

model discontinuances nor plant closings have had a material adverse effect on the Company because of the breadth of the Company's product lines and the ability of the Company to relocate its facilities with minimal capital expenditures. There can be no assurances that the Company's loss of business with respect to either a particular automobile model or a particular assembly plant would not have a material adverse effect on the Company's results of operations or financial condition in the future.

There is substantial and continuing pressure from the major OEMs to reduce costs, including costs associated with outside suppliers such as the Company. Management believes that the Company's ability to develop new products and to control its own costs, many of which are variable, will allow the Company to remain competitive. However, there can be no assurance that the Company will be able to improve or maintain its gross margins.

FOREIGN EXCHANGE RISK

As a result of recent acquisitions and the Company's business strategy, which includes plans for the global expansion of its operations, a significant portion of the Company's revenues and expenses are denominated in currencies other than U.S. dollars. Changes in exchange rates therefore may have a significant effect on the Company's results of operations and financial condition.

SUBORDINATION

Payments under the Notes are subordinated to all existing and future Senior Indebtedness of the Company. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions, the aggregate amount of Senior Indebtedness of Lear would have been approximately $899.7 million, comprised of $774.7 million outstanding under the Credit Agreements (of which $56.1 million would have been outstanding under letters of credit) and $125.0 million of Senior Subordinated Notes.

In addition, certain of the Company's subsidiaries have outstanding indebtedness and may incur indebtedness in the future. Holders of such indebtedness will have a claim against the assets of such subsidiaries that will rank prior to the claims of the holders of the Notes. As of March 30, 1996, and after giving pro forma effect to the Pro Forma Transactions, the Company's subsidiaries would have had outstanding approximately $46.6 million of indebtedness.

Because of the subordination provisions of the Notes, and after the occurrence of certain events, creditors whose claims are senior to the Notes may recover more, ratably, than the holders of the Notes. Substantially all of the assets of the Company are pledged under the Credit Agreements. Consequently, in the event of a default under the Credit Agreements, such assets could be subject to foreclosure by the lenders under the Credit Agreements. See "Description of Certain Indebtedness -- Credit Agreements."

ABSENCE OF A PUBLIC MARKET FOR THE NOTES

Lear has no plans to list the Notes on a securities exchange. Lear has been advised by each of the Underwriters that they presently intend to make a market in the Notes; however, none of them is obligated to do so. Any such market-making activity, if initiated, may be discontinued at any time, for any reason, without notice. If any Underwriter ceases to act as a market maker for the Notes for any reason, there can be no assurance that another firm or person will make a market in the Notes. There can be no assurance that an active market for the Notes will develop or, if a market does develop, at what prices the Notes will trade.

CAUTIONARY STATEMENTS FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this document, the words 'anticipate,' 'believe,' 'estimate,' and 'expect' and similar expressions are generally intended to identify forward-looking statements. Prospective investors are cautioned that any forward-looking statements, including statements regarding the intent, belief, or current expectations of the Company or its management, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors including but not limited to (i) general economic conditions in the markets in which the Company operates, (ii) fluctuations in worldwide or regional automobile and light truck production, (iii) labor disputes involving the Company or its significant customers, and (iv) those items identified under "Risk Factors." Should one or more of those risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. The Company does not intend to update these forward-looking statements.

USE OF PROCEEDS

All the net proceeds to the Company from the Note Offering will be used to repay (i) indebtedness outstanding under the Credit Agreement, a portion of which was incurred to finance the Masland Acquisition, bearing a rate of interest as of June 1, 1996 of approximately 6.36% and/or (ii) indebtedness outstanding under the New Credit Agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company -- Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth the capitalization of the Company at March 30, 1996, after giving effect on a pro forma basis to the Masland Acquisition, the incurrence of indebtedness under the Credit Agreement to finance such acquisition and the completion of the New Credit Agreement, and as adjusted to reflect the Note Offering and the Common Stock Offering and the application of the net proceeds to the Company therefrom. See "Use of Proceeds" and "Pro Forma Financial Data."

	AS OF MARCH 30, 1996		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(DOLLARS IN MILLIONS)		
Short-term debt:			
Short-term borrowings	$ 17.3	$ 17.3	$ 17.3
Current portion of long-term debt	12.0	13.0 (1)	13.0
Total short-term debt	29.3	30.3	30.3
Long-term debt, less current portion:			
Domestic revolving loans	715.5	1,179.5 (2)	718.6(4)
Industrial revenue bonds	20.5	22.5 (1)	22.5
Other	27.3	27.3	27.3
11 1/4% Senior Subordinated Notes due 2000	125.0	125.0	125.0
8 1/4% Subordinated Notes due 2002	145.0	145.0	145.0
% Subordinated Notes due 2006	--	--	200.0(5)
Total long-term debt, less current portion	1,033.3	1,499.3	1,238.4
Stockholders' equity:			
Common stock, par value $.01 per share; 150,000,000 shares authorized, 56,589,288 shares issued (64,089,288 after adjustment for the Common Stock Offering)	.6	.6	.6
Additional paid-in capital	562.9	570.5 (3)	835.9(6)
Notes receivable from sale of Common Stock	(.9)	(.9)	(.9)
Treasury stock, 10,230 shares of Common Stock	(.1)	(.1)	(.1)
Retained earnings	68.0	68.0	68.0
Cumulative translation adjustment	(14.5)	(14.5)	(14.5)
Minimum pension liability	(3.5)	(3.5)	(3.5)
Total stockholders' equity	612.5	620.1	885.5
Total capitalization	$1,675.1	$2,149.7	$ 2,154.2
OTHER DATA:			
Debt to total capitalization	63.4%	71.2 %	58.9%

- ---

(1) Reflects debt assumed in connection with the Masland Acquisition.

(2) Reflects borrowings under the Credit Agreement of (i) $377.3 million to acquire all of the outstanding common stock of Masland and retire certain stock options of Masland in connection with the Masland Acquisition, (ii) $75.7 million to retire certain debt assumed in connection with the Masland Acquisition, and (iii) $11 million to pay estimated fees and expenses related to the Masland Acquisition and the New Credit Agreement. In connection with the Masland Acquisition, the Company incurred $300 million of indebtedness under the New Credit Agreement, the proceeds of which were used to repay borrowings under the Credit Agreement.

(3) Reflects the issuance of options originally granted under the Masland Corporation 1993 Stock Option Plan which were converted into options to purchase Common Stock in connection with the Masland Acquisition.

(4) Reflects the application of the net proceeds from the Common Stock Offering of $265.4 million and the Note Offering of $195.5 million.

(5) Reflects the issuance of $200 million aggregate principal amount of the Notes.

(6) Reflects the issuance of 7,500,000 shares of Common Stock in the Common Stock Offering at $36 5/8 per share, net of $9.3 million in estimated fees and expenses.

PRO FORMA FINANCIAL DATA

The following pro forma unaudited consolidated statements of operations of the Company for the three months ended March 30, 1996 and for the year ended December 31, 1995 were prepared to illustrate the estimated effects of (i) the Masland Acquisition (including the refinancing of certain debt of Masland pursuant to the Credit Agreement), (ii) the AI Acquisition (including the refinancing of certain debt of AI pursuant to the Credit Agreement), (iii) the Plastifol Acquisition, (iv) the 1995 Stock Offering, (v) the refinancing of the Company's prior credit facility with borrowings under the Credit Agreement (vi) the completion of the New Credit Agreement and (vii) the Note Offering and the Common Stock Offering and the application of the net proceeds to the Company therefrom to repay indebtedness incurred pursuant to the Credit Agreement to finance the Masland Acquisition (collectively, the "Pro Forma Transactions"), as if the Pro Forma Transactions had occurred on January 1, 1995.

The following pro forma unaudited consolidated balance sheet (collectively with the pro forma unaudited consolidated statements of operations, the "Pro Forma Statements") was prepared as if the Masland Acquisition, the completion of the New Credit Agreement, and the Note Offering and the Common Stock Offering and the application of the net proceeds therefrom to repay indebtedness incurred pursuant to the Credit Agreement to finance the Masland Acquisition had occurred as of March 30, 1996.

The Pro Forma Statements do not purport to represent (i) the actual results of operations or financial position of the Company had the Pro Forma Transactions occurred on the dates assumed or (ii) the results to be 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, Masland and AI, including the notes thereto, and the other financial information pertaining to the Company, Masland and AI, including the information set forth in "Capitalization" and related notes thereto, included elsewhere or incorporated by reference in this Prospectus.

PRO FORMA UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED MARCH 30, 1996

	LEAR HISTORICAL	MASLAND HISTORICAL(1)	OPERATING AND FINANCING ADJUSTMENTS	PRO FORMA
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)			
Net sales	$ 1,405.8	$ 122.5	$(1.0)(2)	$1,527.3
Cost of sales	1,285.2	99.1	(1.0)(2)	1,383.3
Gross profit	120.6	23.4	--	144.0
Selling, general and administrative expenses	43.3	10.0	--	53.3
Amortization	7.3	.6	1.3(3)	9.2
Operating income	70.0	12.8	(1.3)	81.5
Interest expense	24.4	1.1	4.0(4)	29.5
Other expense, net	3.1	.7	--	3.8
Income before income taxes	42.5	11.0	(5.3)	48.2
Income taxes	16.7	4.7	(1.4)(5)	20.0
Net income	$ 25.8	$ 6.3	$(3.9)	$ 28.2
Net income per share	$ .43			$ .42
Weighted average shares outstanding (in millions)	60.0		7.7(6)	67.7
EBITDA(7)	$ 103.2			$ 120.7

PRO FORMA UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1995

	LEAR HISTORICAL	AI PRO FORMA(8)	MASLAND HISTORICAL(1)	OPERATING AND FINANCING ADJUSTMENTS	PRO FORMA
			(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)		
Net sales	$ 4,714.4	$523.7	$ 473.2	$ (3.3)(2)	$5,708.0
Cost of sales	4,311.3	428.9	392.8	(3.3)(2)	5,129.7
Gross profit	403.1	94.8	80.4	--	578.3
Selling, general and administrative expenses	139.0	36.5	39.3	--	214.8
Amortization	19.3	9.5	2.3	5.3(3)	36.4
Operating income	244.8	48.8	38.8	(5.3)	327.1
Interest expense	75.5	14.0	3.9	30.0(4)	123.4
Other expense, net	12.0	--	3.4	--	15.4
Income before income taxes	157.3	34.8	31.5	(35.3)	188.3
Income taxes	63.1	16.8	14.1	(10.5)(5)	83.5
Income before extraordinary items	94.2	18.0	17.4	(24.8)	104.8
Extraordinary loss on early extinguishment of debt	2.6	--	--	(2.6)(9)	--
Net income	$ 91.6	$ 18.0	$ 17.4	$ (22.2)	$ 104.8
Net income per share	$ 1.74				$ 1.55
Weighted average shares outstanding (in millions)	52.6			15.0(6)	67.6
EBITDA(7)	$ 336.8				$ 467.2

- ---

(1) The Masland historical information represents amounts derived from (i) the unaudited results of operations for the three months ended March 29, 1996 and (ii) with respect to the year ended December 31, 1995, the audited results of operations for Masland's fiscal year ended June 30, 1995 and its unaudited results of operations for the six month periods ending December 29, 1995 and December 30, 1994.

(2) Reflects the elimination of net sales from Masland to the Company.

(3) The adjustment to amortization represents the following:

	THREE MONTHS ENDED MARCH 30, 1996	YEAR ENDED DECEMBER 31, 1995
	(DOLLARS IN MILLIONS)	
Amortization of goodwill from the Masland Acquisition	$ 1.9	$ 7.6
Elimination of the historical goodwill amortization of Masland	(.6)	(2.3)
	$ 1.3	$ 5.3

(4) Reflects interest expense changes as follows:

	THREE MONTHS ENDED MARCH 30, 1996	YEAR ENDED DECEMBER 31, 1995
	(DOLLARS IN MILLIONS)	
Reduction of interest due to application of the proceeds from the Common Stock Offering	$ (4.4)	$ (18.6)
Reduction of interest due to application of the proceeds of the 1995 Stock Offering	--	(14.7)
Reduction in interest due to application of the proceeds from the Note Offering to repay indebtedness incurred under the Credit Agreement	(3.3)	(14.0)
Estimated interest on the Notes at 9 3/8%	4.7	18.8
Estimated interest on borrowings to finance the AI Acquisition	--	39.6
Elimination of interest on AI debt refinanced	--	(12.6)
Estimated interest on borrowings to finance the Masland Acquisition	7.6	32.4
Elimination of interest on Masland debt refinanced	(1.1)	(3.8)
Other changes in interest expense, commitment fees and amortization of deferred finance fees due to the Note Offering, the New Credit Agreement, and the refinancing of the prior credit facility with the Credit Agreement	.5	2.9
	$ 4.0	$ 30.0

(5) Reflects the income tax effects of the operating and financing adjustments.

(6) The adjustment to weighted average shares outstanding represents the following:

	THREE MONTHS ENDED MARCH 30, 1996	YEAR ENDED DECEMBER 31, 1995
Effect of the issuance of 7.5 million shares pursuant to the Common Stock Offering	7.5	7.5
Effect of the issuance of 10.0 million shares pursuant to the 1995 Stock Offering	--	7.3
Conversion of certain Masland stock options into Lear stock options in connection with the Masland Acquisition	.2	.2
	7.7	15.0

(7) "EBITDA" is operating income plus depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(8) The AI Pro Forma information reflects (i) AI historical unaudited results of operations for the period from January 1, 1995 through August 17, 1995, the date on which AI was acquired by the Company, (ii) the unaudited historical results of operations of Plastifol from January 1, 1995 through the date of the AI Acquisition and (iii) adjustments to reflect interest on borrowings by AI to finance the Plastifol Acquisition, amortization of goodwill and the related income tax effects of such adjustments. The results from operations of AI for the three months ended March 30, 1996 and for the period subsequent to August 17, 1995 are included in the historical results of the Company.

(9) Reflects the elimination of the extraordinary loss on refinancing of the prior credit facility. Such loss would have been incurred in a prior period had the Pro Forma Transactions taken place as of the beginning of the periods presented.

PRO FORMA UNAUDITED CONSOLIDATED BALANCE SHEET

AS OF MARCH 30, 1996

	LEAR HISTORICAL	MASLAND HISTORICAL	ACQUISITION AND VALUATION OF MASLAND(1)	OPERATING AND FINANCING ADJUSTMENTS	PRO FORMA
			(DOLLARS IN MILLIONS)		
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 21.6	$ 14.0	$ (463.0)	$ 463.0(2)	$ 35.6
Accounts receivable, net	879.0	63.4	--	--	942.4
Inventories	178.9	18.8	--	--	197.7
Other current assets	178.4	28.7	--	--	207.1
	1,257.9	124.9	(463.0)	463.0	1,382.8
Property, plant and equipment, net	648.4	114.7	--	--	763.1
Goodwill and other intangibles, net	1,093.5	6.9	296.1	--	1,396.5
Other	122.4	30.3	--	5.5(3)	158.2
	$3,122.2	$276.8	$ (166.9)	$ 468.5	$3,700.6
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Short-term borrowings	$ 17.3	$ 6.9	$ (6.9)	$ --	$ 17.3
Accounts payable and drafts	881.7	41.1	--	--	922.8
Accrued liabilities	395.0	24.6	--	--	419.6
Current portion of long-term debt	12.0	1.0	--	--	13.0
	1,306.0	73.6	(6.9)	--	1,372.7
Long-Term Liabilities:					
Long-term debt	1,033.3	70.8	(68.8)	203.1(4)	1,238.4
Deferred national income taxes	36.7	7.6	--	--	44.3
Other	133.7	26.0	--	--	159.7
	1,203.7	104.4	(68.8)	203.1	1,442.4
Stockholders' Equity	612.5	98.8	(91.2)	265.4(5)	885.5
	$3,122.2	$276.8	$ (166.9)	$ 468.5	$3,700.6

- ------------------------

(1) Assumes a purchase price of $473.6 million which consists of (i) $384.9 million to acquire all of the common stock of Masland ($377.3 million to purchase outstanding shares and $7.6 million in connection with the retirement of certain stock options of Masland in connection with the Masland Acquisition), (ii) the assumption of all of Masland's existing indebtedness ($78.7 million as of March 29, 1996) and (iii) $10.0 million to pay estimated fees and expenses related to the Masland Acquisition. The Masland Acquisition was accounted for using the purchase method of accounting and the total purchase cost was allocated first to assets and liabilities based on their respective fair values, with the remainder ($296.1 million) allocated to goodwill. The adjustment to stockholders' equity reflects the elimination of Masland's equity along with the issuance of options originally granted under the Masland Corporation 1993 Stock Option Plan which were converted into options to purchase Common Stock in connection with the Masland Acquisition. The allocation of the purchase price above is based on historical costs and management's estimates which may differ from the final allocation.

(2) Reflects proceeds of borrowings under the Credit Agreement of $463.0 million.

(3) Reflects the capitalization of fees incurred in establishing the New Credit Agreement of $1.0 million, and fees incurred in connection with the Note Offering of $4.5 million.

(4) Reflects the effects of the Pro Forma Transactions as follows:

Borrowings under the Credit Agreement to finance the Masland Acquisition	$ 463.0
Issuance of the Notes	200.0
Borrowings under the Credit Agreement to pay fees and expenses incurred in establishing the New Credit Agreement and in the Note Offering	5.5
Application of the net proceeds of the Common Stock Offering	(265.4)
Application of the proceeds of the Note Offering	(200.0)
	$ 203.1

(5) Reflects the net proceeds of the Common Stock Offering.

SELECTED FINANCIAL DATA OF THE COMPANY

The following income statement and balance sheet data were derived from the consolidated financial statements of the Company. The consolidated financial statements of the Company for each of the fiscal years ended December 31, 1995, 1994 and 1993 and June 30, 1993, 1992 and 1991 have been audited by Arthur Andersen LLP. Effective December 31, 1993, the Company changed its fiscal year end from June 30 to December 31. The consolidated financial statements of the Company for the three months ended March 30, 1996 and April 1, 1995 are unaudited; however, in the Company's opinion, they reflect all adjustments, consisting only of normal recurring items, necessary for a fair presentation of the financial position and results of operations for such periods. The results for the three months ended March 30, 1996 are not necessarily indicative of the results to be expected for the full fiscal year. The selected financial data below should be read in conjunction with the consolidated financial statements of the Company and the notes thereto incorporated by reference in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company."

LEAR CORPORATION

	AS OF OR FOR THE THREE MONTHS ENDED		AS OF OR FOR THE YEAR ENDED					
	MARCH 30, 1996	APRIL 1, 1995	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993	JUNE 30, 1993	JUNE 30, 1992	JUNE 30, 1991
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)							
OPERATING DATA:								
Net sales	$1,405.8	$1,043.5	$4,714.4	$3,147.5	$1,950.3	$1,756.5	$1,422.7	$1,085.3
Gross profit	120.6	76.6	403.1	263.6	170.2	152.5	115.6	101.4
Selling, general and administrative expenses	43.3	25.8	139.0	82.6	62.7	61.9	50.1	41.6
Incentive stock and other compensation expense(1)	--	--	--	--	18.0	--	--	1.3
Amortization	7.3	3.1	19.3	11.4	9.9	9.5	8.7	13.8
Operating income	70.0	47.7	244.8	169.6	79.6	81.1	56.8	44.7
Interest expense(2)	24.4	14.2	75.5	46.7	45.6	47.8	55.2	61.7
Other expense, net(3)	3.1	2.1	12.0	8.1	9.2	5.4	5.8	2.2
Income (loss) before income taxes and extraordinary items	42.5	31.4	157.3	114.8	24.8	27.9	(4.2)	(19.2)
Income taxes	16.7	14.4	63.1	55.0	26.9	17.8	12.9	14.0
Net income (loss) before extraordinary items	25.8	17.0	94.2	59.8	(2.1)	10.1	(17.1)	(33.2)
Extraordinary items(4)	--	--	2.6	--	11.7	--	5.1	--
Net income (loss)	$ 25.8	$ 17.0	$ 91.6	$ 59.8	$ (13.8)	$ 10.1	$ (22.2)	$ (33.2)
Net income (loss) per share before extraordinary items	$ .43	$ .34	$ 1.79	$ 1.26	$ (.06)	$ .25	$ (.62)	$ (2.01)
Net income (loss) per share	$ .43	$ .34	$ 1.74	$ 1.26	$ (.39)	$ .25	$ (.80)	$ (2.01)
Weighted average shares outstanding (in millions)(5)	60.0	49.4	52.6	47.6	35.5	40.0	27.8	16.5
BALANCE SHEET DATA:								
Current assets	$1,257.9	$ 904.3	$1,207.2	$ 818.3	$ 433.6	$ 325.2	$ 282.9	$ 213.8
Total assets	3,122.2	1,797.9	3,061.3	1,715.1	1,114.3	820.2	799.9	729.7
Current liabilities	1,306.0	956.8	1,276.0	981.2	505.8	375.0	344.2	287.1
Long-term debt	1,033.3	519.9	1,038.0	418.7	498.3	321.1	348.3	386.7
Common stock subject to limited redemption rights, net	--	--	--	--	12.4	3.9	3.5	1.8
Stockholders' equity	612.5	217.1	580.0	213.6	43.2	75.1	49.4	4.4
OTHER DATA:								
EBITDA(6)	$ 103.2	$ 66.1	$ 336.8	$ 225.7	$ 122.2	$ 121.8	$ 91.8	$ 81.4
Capital expenditures	$ 33.7	$ 23.6	$ 110.7	$ 103.1	$ 45.9	$ 31.6	$ 27.9	$ 20.9
Number of facilities(7)	116	82	107	79	61	48	45	40
North American content per vehicle(8)	$ 274	$ 182	$ 227	$ 169	$ 112	$ 98	$ 94	$ 84
European content per vehicle(9)	$ 107	$ 78	$ 102	$ 48	$ 38	$ 37	$ 21	$ 11
Ratio of EBITDA to interest expense(2)(6)	4.2x	4.7x	4.5x	4.8x	2.7x	2.6x	1.7x	1.3x
Ratio of earnings to fixed charges(10)	2.5x	2.9x	2.9x	3.2x	1.5x	1.5x	--	--
Fixed charges in excess of earnings(10)	$ --	$ --	$ --	$ --	$ --	$ --	$ 6.5	$ 20.7

- ------------------------

(1) Includes a one-time charge of $18.0 million, of which $14.5 million was non-cash, for the year ended December 31, 1993 for incentive stock and other compensation expense.

(2) Interest expense includes non-cash charges for amortization of deferred financing fees of $.8 million, $.6 million, $2.7 million, $2.4 million, $2.6 million, $3.0 million, $3.2 million and $4.1 million for the three months ended March 30, 1996 and April 1, 1995, and for the years ended December 31, 1995, 1994 and 1993, and the fiscal years ended June 30, 1993, 1992 and 1991.

(3) Consists of foreign currency exchange gain or loss, minority interest in net income (loss) of subsidiaries, equity (income) loss of affiliates,

state and local taxes and other expense.

(4) The extraordinary items resulted from the prepayment of debt.

(5) Weighted average shares outstanding is calculated on a fully-diluted basis.

(6) "EBITDA" is operating income plus depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flows from operations as determined by generally accepted accounting principles.

(7) Includes facilities operated by the Company's less than majority-owned affiliates and facilities under construction.

(8) "North American content per vehicle" is the Company's net automotive sales in North America divided by total North American vehicle production. "North American vehicle production" comprises car and light truck production in the United States, Canada and Mexico estimated by the Company from industry sources.

(9) "European content per vehicle" is the Company's net automotive sales in Western Europe divided by total Western European vehicle production. "Western European vehicle production" comprises car and light truck production in Western Europe estimated by the Company from industry sources.

(10) "Fixed charges" consist of interest on debt, amortization of deferred financing fees and that portion of rental expenses representative of interest (deemed to be one-third of rental expenses). "Earnings" consist of income (loss) before income taxes, fixed charges, undistributed earnings and minority interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

RESULTS OF OPERATIONS

Lear's sales have grown rapidly, both internally and through acquisitions, from approximately $159.8 million in the fiscal year ended June 30, 1983 to approximately $4.7 billion in the year ended December 31, 1995, a compound annual growth rate of approximately 33%. As a result of this growth, the Company has experienced substantial upfront costs for new programs and new facilities. Such expenses consist of administrative expenses and engineering and design expenses for new seating programs, including pre-production expenses and inefficiencies incurred until the customer reaches normal operating levels. The Company expenses such non-recurring pre-production expenses as they are incurred.

The following chart shows operating results of the Company by principal geographic area.

GEOGRAPHIC OPERATING RESULTS

	THREE MONTHS ENDED		YEAR ENDED		
	MARCH 30, 1996	APRIL 1, 1995	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993
			(DOLLARS IN MILLIONS)		
NET SALES:					
United States and Canada	$ 916.6	$ 714.4	$3,108.0	$2,378.7	$1,357.0
Europe	382.9	276.5	1,325.4	572.5	403.8
Mexico and other	106.3	52.6	281.0	196.3	189.5
Net sales	$1,405.8	$ 1,043.5	$4,714.4	$3,147.5	$1,950.3
OPERATING INCOME (LOSS):					
United States and Canada	$ 56.7	$ 44.6	$ 204.8	$ 155.6	$ 86.9
Europe	9.4	.1	26.5	4.4	(9.6)
Mexico and other	3.9	3.0	13.5	9.6	20.3
Unallocated corporate expense(1)	--	--	--	--	(18.0)
Operating income	$ 70.0	$ 47.7	$ 244.8	$ 169.6	$ 79.6

- ------------------------
(1) Unallocated corporate expense consists of incentive stock option expense and other one-time compensation expense.

Three Months Ended March 30, 1996 Compared With Three Months Ended April 1, 1995

Net sales of $1,405.8 million in the quarter ended March 30, 1996 surpassed the first quarter of 1995 by $362.3 million or 34.7%. Sales as compared to prior year benefited primarily from the acquisition of AI in August, 1995 and new business in North America.

Net sales in the United States and Canada of $916.6 million in the first quarter of 1996 exceeded the comparable period in the prior year by $202.2 million or 28.3%. Sales in the current quarter benefited from the contribution of $175.4 million in sales from the AI Acquisition and new Ford passenger car and Chrysler and Ford truck programs introduced within the past twelve months. Partially offsetting the increase in sales was a downturn in production build schedules on mature seat programs by domestic automotive manufacturers and the impact of a General Motors work stoppage in March, 1996.

Net sales in Europe of $382.9 million increased in the first quarter of 1996 as compared to the first quarter of 1995 by $106.4 million or 38.5%. Sales in the quarter ended March 30, 1996 benefited from $42.7 million in sales from the AI Acquisition, additional volume on carryover programs in Italy and favorable exchange rate fluctuations in Sweden, Germany and Italy.

Net sales of $106.3 million in the first quarter of 1996 in the Company's remaining geographic regions, consisting of Mexico, the Pacific Rim, South Africa and South America, surpassed the first quarter of the prior year by $53.7 million or 102.1%. Sales in the current quarter benefited from increased Chrysler truck and General Motors passenger car activity in Mexico and from new business operations in Australia, South America and South Africa.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were $120.6 million and 8.6% for the first quarter of 1996 as compared to $76.6 million and 7.3% in 1995. Gross profit in the current quarter benefited from the acquisition of AI, the overall growth in sport utility and light truck seat programs in North America and increased sales activity on seat programs in Europe and Mexico.

Selling, general and administrative expenses, including research and development, as a percentage of net sales increased to 3.1% for the quarter ended March 30, 1996 as compared to 2.5% a year earlier. Actual expenditures and the percentage increased in comparison to prior year due to the inclusion of AI's operating expenses and increased U.S. and European engineering and administrative expenses in support of expansion of existing and potential business opportunities.

Operating income and operating margin (operating income as a percentage of net sales) were $70.0 million and 5.0% for the first quarter of 1996 as compared to $47.7 million and 4.6% for the first quarter of 1995. For the quarter ended March 30, 1996, operating income benefited from the acquisition of AI, increased market demand on new and ongoing sport utility and light truck seat programs in North America and improved performance at the Company's European and Mexican operations. Partially offsetting the increase in operating income were engineering and administrative support expenses, preproduction and facility costs for new seat programs to be introduced globally within the next twelve months and the adverse impact of the General Motors work stoppage. Non-cash depreciation and amortization charges were $33.2 million and $18.4 million for the first quarter of 1996 and 1995, respectively.

Interest expense for the first quarter of 1996 increased by $10.2 million from the comparable period in the prior year largely as a result of interest incurred on additional debt utilized to finance the AI Acquisition.

Other expenses for the three months ended March 30, 1996, which include state and local taxes, foreign exchange, equity income of non-consolidated affiliates and other non-operating expenses, increased in comparison to prior year due to increased state and local taxes associated with the AI Acquisition.

Net income for the first quarter of 1996 was $25.8 million, or $.43 per share, as compared to $17.0 million, or $.34 per share, in the prior year first quarter. The provision for income taxes in the current quarter was $16.7 million, or an effective tax rate of 39.3%, as compared to $14.4 million, or an effective tax rate of 45.9% in the previous year. The decline in the effective tax rate is primarily due to changes in operating performance and related income levels among the various tax jurisdictions. Earnings per share increased in 1996 by 26.5% despite the impact of the General Motors work stoppage, estimated to be approximately $.10 per share, and an increase in the number of shares outstanding of approximately 10.6 million shares.

Year Ended December 31, 1995 Compared With Year Ended December 31, 1994

Net sales of $4,714.4 million in the year ended December 31, 1995 represented the Company's fourteenth consecutive year of record sales and increased by $1,566.9 million or 49.8% over net sales for the year ended December 31, 1994. Net sales in the current year benefited from the acquisitions of Automotive Industries on August 17, 1995 and the Fiat Seat Business on December 15, 1994 which together accounted for $795.3 million of the increase. Further contributing to the growth in sales were incremental volumes on new seating programs in North America and increased production in Europe.

Gross profit and gross margin were $403.1 million and 8.6% in 1995 as compared to $263.6 million and 8.4% in 1994. Gross profit in the current year benefited from the overall increase in North American and European sales activity, the acquisitions of AI and FSB, and production of certain new seat programs in the United States and Mexico. Partially offsetting the increase in gross profit were new program start-up expenses of $32.1 million versus $23.1 million in the prior year, and costs associated with new business opportunities in the Pacific Rim, South America and South Africa.

Selling, general and administrative expenses, including research and development, as a percentage of net sales increased to 2.9% in 1995 as compared to 2.6% in the previous year. Actual expenditures in 1995 increased in comparison to prior year primarily due to the inclusion of AI and FSB engineering and administrative expenses in 1995. In addition, research and development costs increased at the United States and European customer focused technical centers in support of existing and potential business opportunities.

Operating income and operating margin were $244.8 million and 5.2% in the year ended December 31, 1995 as compared to $169.6 million and 5.4% in the year ended December 31, 1994. The increase in operating income was primarily due to increased volumes on new and existing light truck seating programs, improved performance at the Company's European operations and the incremental operating income derived from acquisitions. Partially offsetting the increase in operating income and contributing to the decline in operating margins were design and development costs associated with the expansion of business and program start-up expenses for new seat programs to be introduced worldwide within the next twelve months. Also contributing to the decline in operating margin were the increased sales in Europe caused by the FSB which had lower margins. Non-cash depreciation and amortization charges were $92.0 million and $56.1 million for the years ended December 31, 1995 and 1994, respectively.

Interest expense in the year ended December 31, 1995 increased in comparison to prior year as a result of interest incurred on additional debt utilized to finance the AI and FSB acquisitions as well as higher interest rates in 1995 under the Company's senior credit facility.

Other expenses in 1995 increased in comparison to prior year as foreign exchange losses incurred at the Company's North American and European operations, along with increased state and local taxes associated with the AI Acquisition, more than offset income derived from joint ventures accounted for under the equity method.

Net income for the year ended December 31, 1995 was $91.6 million, or $1.74 per share, as compared to $59.8 million, or $1.26 per share in the year ended December 31, 1994. The provision for income taxes in fiscal 1995 was $63.1 million, or an effective tax rate of 40.1%, versus $55.0 million and 47.9% for the previous year. The decrease in rate is largely the result of changes in operating performance and related income levels among the various tax jurisdictions. Earnings per share increased in 1995 by 38.1% despite an increase in the number of shares outstanding and an extraordinary loss of $2.6 million ($.05 per share) for the early retirement of debt.

United States and Canadian Operations

Net sales in the United States and Canada were $3,108.0 million and $2,378.7 million in the years ended December 31, 1995 and 1994, respectively. Sales in 1995 benefited from new Ford and General Motors passenger car programs, the contribution of $248.1 million in sales from the AI Acquisition and incremental volume on light truck seating for previously existing programs.

Operating income and operating margin were $204.8 million and 6.6% in 1995 as compared to $155.6 million and 6.5% in 1994. Operating income in 1995 increased primarily due to increased volumes at certain of the Company's car and light-truck seating facilities, the benefits derived from the AI Acquisition and increased productivity and cost reduction programs at existing seat and seat component facilities. Partially offsetting this increase in operating margin were engineering and administrative support expenses along with preproduction costs at new business operations.

European Operations

Net sales in Europe were $1,325.4 million in the year ended December 31, 1995 and $572.5 million in the year ended December 31, 1994. Sales in the current year benefited from $547.2 million in sales from the FSB and AI acquisitions, incremental volume on existing programs in Sweden and England and favorable exchange rate fluctuations in Germany and Sweden.

Operating income and operating margin were $26.5 million and 2.0% in 1995 as compared to $4.4 million and 0.8% in 1994. Operating income in 1995 benefited from incremental volume on mature Scandinavian and

German seat programs and the benefits derived from the FSB and AI Acquisitions. Partially offsetting the increase in operating income were engineering, preproduction and facility costs associated with the start-up of a new seat program in Germany.

Mexico and other Operations

Net sales of $281.0 million in 1995 in the Company's remaining geographic regions, consisting of Mexico, the Pacific Rim, South Africa and South America, increased by $84.7 million or 43.1% as compared to $196.3 million in the comparable period in the prior year. Sales in the year ended December 31, 1995 benefited from the overall growth in Mexican sales activity, including the production of new General Motors and Ford passenger car and truck seat programs. Further contributing to the increase in sales was the addition of new business operations in Australia, South Africa, Brazil and Argentina.

Operating income and operating margin were $13.5 million and 4.8% in the year ended December 31, 1995 and $9.6 million and 4.9% in the previous year. The increase in operating income was largely the result of the benefits derived from increased market demand for new and ongoing seat programs in Mexico. Partially offsetting the increase in operating income were engineering and preproduction costs for recently opened manufacturing facilities in the Pacific Rim, South Africa and South America.

Year Ended December 31, 1994 Compared With Year Ended December 31, 1993

Net sales of $3,147.5 million in the year ended December 31, 1994 represented the thirteenth consecutive year of record sales and surpassed sales of $1,950.3 million in the year ended December 31, 1993 by $1,197.2 million or 61.4%. Sales in 1994 benefited from internal growth from new programs and increased seat content per vehicle, higher automotive production in the United States and Europe and the NAB Acquisition, which accounted for $421.0 million of the increase.

Gross profit and gross margin were $263.6 million and 8.4%, respectively, in the year ended December 31, 1994 as compared to $170.2 million and 8.7%, respectively, in the year ended December 31, 1993. Gross profit in 1994 surpassed gross profit in 1993 due to the benefit of higher sales volume, including the effect of the NAB Acquisition and the Company's cost reduction programs. Partially offsetting the increase in gross profit were $23.1 million of expense for engineering and pre-production costs for new facilities in the United States, Canada and Europe, lower margin contribution in Mexico and the $3.9 million increase in post-retirement health care expenses (SFAS 106).

Selling, general and administrative expenses as a percentage of net sales declined to 2.6% for the year ended December 31, 1994 as compared to 3.2% in the prior year. The increase in actual expenditures was largely the result of administrative support expenses and research and development costs associated with the expansion of domestic and foreign business and expenses related to new business opportunities.

Operating income and operating margin were $169.6 million and 5.4%, respectively, in the year ended December 31, 1994 and $79.6 million and 4.1%, respectively, in the year ended December 31, 1993. The 113.1% increase in operating income was attributable to the benefits of higher sales volume, including the effect of the NAB Acquisition, non-recurring incentive stock and other compensation expense of $18.0 million in 1993 and the Company's cost reduction programs. Partially offsetting the increase in operating income were new facility and engineering costs for future seat programs, reduced margins in Mexico and the effect of the adoption of SFAS 106. Non-cash depreciation and amortization charges were $56.1 million and $42.6 million, respectively, for the years ended December 31, 1994 and 1993.

Other expense for the year ended December 31, 1994, including state and local taxes, foreign exchange gains and losses, minority interests and equity in income of affiliates, decreased in comparison to the prior year as the non-recurring write-off of equipment associated with a discontinued program in Germany and non-seating related assets in the United States, along with a foreign exchange gain, offset state and local tax expense associated with the NAB Acquisition. Interest expense in 1994 increased in relation to 1993 as additional debt incurred to finance the NAB Acquisition and higher short-term interest expense in Europe

offset the benefits derived from the refinancing of subordinated debt at a lower interest rate and the Company's initial public offering of Common Stock in April 1994.

Net income for the year ended December 31, 1994 was $59.8 million, or $1.26 per share, as compared to a net loss of $13.8 million, or $.39 per share, realized in the year ended December 31, 1993. The net income of $59.8 million in 1994 reflects a $55.0 million provision for national income taxes of which $26.0 million relates to foreign operations. Further contributing to the improvement in 1994 net income was the extraordinary expense in 1993 of $11.7 million for the early extinguishment of debt.

United States and Canadian Operations

Net sales in the United States and Canada increased by 75.3% from $1,357.0 million in the year ended December 31, 1993 to $2,378.7 million for the year ended December 31, 1994. Sales for the year ended December 31, 1994 benefited from the full year contribution of the NAB Acquisition, vehicle production increases on mature seating programs, incremental volume on new Chrysler truck, Ford truck and Ford passenger car programs and sales generated by a lead vendor program under which the Company assumed management of components for a seat program with Ford.

Operating income and operating margin were $155.6 million and 6.5%, respectively, in the year ended December 31, 1994 and $86.9 million and 6.4%, respectively, in the year ended December 31, 1993. Operating income and operating margin in 1994 as compared to the prior year benefited from the NAB Acquisition, the overall increase in vehicle production and cost reduction programs which offset new program costs for new facilities, administrative expenses associated with the expansion of business and increased research and development expenses.

European Operations

Net sales in Europe increased by 41.8% to $572.5 million for the year ended December 31, 1994 compared to $403.8 million for the year ended December 31, 1993. The sales increase was due primarily to the addition of new seat programs in Germany and England and vehicle production increases on established programs in Germany, Sweden and Austria.

Operating income in Europe was $4.4 million in the fiscal year ended December 31, 1994 compared to an operating loss of $9.6 million sustained in the year ended December 31, 1993. Operating income in 1994 as compared to the prior year benefited from the higher sales levels and cost reduction programs at existing seat and seat component facilities. Partially offsetting the increase in operating income were incremental costs associated with the start-up of a new seat facility in England and the introduction of a replacement component program within an established facility in Germany.

Mexican Operations

Net sales in Mexico were $196.3 million in the year ended December 31, 1994 and $189.5 million in the year ended December 31, 1993. Sales for the year ended December 31, 1994 surpassed the prior year due to new Chrysler truck and Ford passenger car seat programs and incremental volume on mature Ford programs. Partially offsetting the increase in net sales was the product phase out of a mature truck program and participation in customer cost reduction programs.

Operating income and operating margin in Mexico were $10.2 million and 5.2%, respectively, in the year ended December 31, 1994 and $20.3 million and 10.7%, respectively, in the prior year. Operating income and operating margin in 1994 declined in relation to the prior year as a result of the Company's participation in customer cost reduction programs and costs associated with the introduction of replacement products at new and established facilities.

LIQUIDITY AND CAPITAL RESOURCES

On August 17, 1995, the Company entered into a secured revolving credit agreement with a syndicate of financial institutions (the "Credit Agreement") providing for borrowings in the principal amount of up to $1.5 billion. Borrowings under the Credit Agreement have been used to finance the AI and Masland Acquisitions, to refinance certain existing indebtedness of AI and Masland at the time of their acquisition by

Lear, to refinance the Company's prior $500 million credit facility and for general corporate purposes. As of March 30, 1996, after giving pro forma effect to the Masland Acquisition, the incurrence of indebtedness under the New Credit Agreement (described below) to repay indebtedness under the Credit Agreement incurred in connection with the Masland Acquisition and the Note Offering and the Common Stock Offering and the application of the net proceeds therefrom, the Company would have had $474.7 million outstanding under the Credit Agreement ($56.1 million of which was outstanding under letters of credit), with $1,000.3 million unused and available. In addition the Company would have had $40.8 million of long term debt outstanding with various governmental authorities, banks and other financial institutions as well as $470.0 million of subordinated debt.

On June 27, 1996, the Company entered into a second revolving credit agreement with a syndicate of financial institutions (the "New Credit Agreement" and, together with the Credit Agreement, the "Credit Agreements"). The New Credit Agreement contains substantially identical terms as the Credit Agreement and permits borrowings of up to $300 million. Following the Masland Acquisition, the Company borrowed the full amount permitted under the New Credit Agreement and used the proceeds to repay outstanding indebtedness under the Credit Agreement.

Borrowings under the Credit Agreements bear interest at the election of the Company, at a floating rate of interest equal to (i) the higher of Chemical Bank's prime lending rate and the federal funds rate plus .5% or (ii) the Eurodollar Rate (as defined in the Credit Agreements) plus a borrowing margin of .5% to 1.0%. The applicable borrowing margin is determined based on the level of a specified financial ratio of the Company. Under the Credit Agreement, Lear is permitted to convert variable rate interest obligations on up to an aggregate of $500 million in principal amount of indebtedness into fixed rate interest obligations.

Amounts available under the Credit Agreements will be reduced by an aggregate amount of $750 million prior to maturity on September 30, 2001. The Company's scheduled principal payments on long-term debt, including debt assumed in connection with the Masland Acquisition, are approximately $9.0 million, $11.5 million, $7.6 million, $5.5 million and $128.2 million for the remainder of 1996 and for the full years 1997, 1998, 1999 and 2000, respectively.

As of March 30, 1996, the Company had net cash and cash equivalents of $21.6 million. The Company's actual cash availability on the date hereof will be less than at March 30 because of greater working capital needs during the third calendar quarter. Nevertheless, the Company believes that cash flows from operations and funds available under existing credit facilities (principally the Credit Agreement) will be sufficient to meet its future debt service obligations, projected capital expenditures and working capital requirements, as well as to provide the flexibility to fund future acquisitions.

Concurrently with the Note Offering, the Company is undertaking the Common Stock Offering, which is not conditioned upon the consummation of the Note Offering. The Note Offering is, however, conditioned upon the consummation of the Common Stock Offering. The Notes will be subordinated in right of payment to all existing and future senior indebtedness of the Company, including the indebtedness evidenced by the Credit Agreement, the New Credit Agreement and the Senior Subordinated Notes. The Notes will rank pari passu in right of payment with the Subordinated Notes. The net proceeds to the Company from the Common Stock Offering will be used to repay indebtedness outstanding under the Credit Agreement.

The Credit Agreement and the New Credit Agreement, together with the Senior Subordinated Notes, the Subordinated Notes and the Notes, impose or will impose various restrictions and covenants on the Company, including, among other things, financial covenants relating to the maintenance of minimum operating profit and net worth levels and interest coverage ratios as well as restrictions on indebtedness, guarantees, acquisitions, capital expenditures, investments, loans, liens, dividends and other restricted payments and asset sales. Such restrictions, together with the leveraged nature of the Company, could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments or to take advantage of business opportunities.

CAPITAL EXPENDITURES

During the year ended December 31, 1995, the Company's capital expenditures aggregated approximately $110.7 million. For the years ended December 31, 1994 and 1993, capital expenditures of the Company were $103.1 million and $45.9 million, respectively. For 1996, the Company anticipates capital expenditures of approximately $175.0 million, reflecting a full year of AI operations and approximately $10.0 million relating to the Masland Division.

ENVIRONMENTAL MATTERS

The Company is subject to local, state, federal and foreign laws, regulations and ordinances (i) which govern activities or operations that may have adverse environmental effects and (ii) that impose liability for the costs of cleaning up certain damages resulting from sites of past spills, disposal or other releases of hazardous substances. The Company currently is engaged in the cleanup of hazardous substances at certain sites owned, leased or operated by the Company, including soil and groundwater cleanup at its facilities in Mendon, Michigan and Troy, Michigan. Management believes that the Company will not incur compliance costs or cleanup cost at its facilities with known contamination that would have a material adverse effect on the Company's consolidated financial position or future results of operations.

The Company has been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), for the cleanup of contamination from hazardous substances at four Superfund sites where liability has not been completely determined. The Company has also been identified as a PRP at four additional sites. Management believes that the Company is, or may be, responsible for less than one percent, if any, of the total costs at the four Superfund sites. Expected liability, if any, at the four additional sites is not material.

INFLATION AND ACCOUNTING POLICIES

Lear's contracts with its major customers generally provide for an annual productivity price reduction and provide for the recovery of increases in material and labor costs in some contracts. Cost reduction through design changes, increased productivity and similar programs with the Company's suppliers generally have offset changes in selling prices. The Company's cost structure is comprised of a high percentage of variable costs. The Company believes that this structure provides it with additional flexibility during economic cycles.

During 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation", which must be adopted by the Company in 1996 and requires that stock compensation, including compensation in the form of stock options, be calculated using a measure of fair value, compared with intrinsic value required under current accounting principles. The new method may be either reflected in the financial statements or disclosed in the notes to the statements. The Company expects to adopt the statement by disclosing the effects of the fair value method in the notes to its 1996 financial statements.

SELECTED FINANCIAL DATA OF MASLAND CORPORATION

The following summary consolidated financial data were derived from the consolidated financial statements of Masland. The consolidated financial statements of Masland for each of fiscal years 1995, 1994 and 1993 have been audited by Price Waterhouse LLP. The consolidated financial statements of Masland for the nine months ended March 29, 1996 and March 31, 1995 are unaudited; however, in the opinion of Masland's management, they reflect all adjustments, consisting only of normal recurring items, necessary for a fair presentation of the financial position and results of operations for such periods. The results for the nine months ended March 29, 1996 are not necessarily indicative of the results to be expected for the full fiscal year. The selected financial data below should be read in conjunction with the consolidated financial statements of Masland and the notes thereto incorporated by reference in this Prospectus and "Management's Discussion and Analysis of Results of Operations of Masland Corporation."

MASLAND CORPORATION

	AS OF OR FOR THE NINE MONTHS ENDED		AS OF OR FOR THE FISCAL YEAR ENDED		
	MARCH 29, 1996	MARCH 31, 1995	JUNE 30, 1995	JULY 1, 1994	JULY 2, 1993
	(DOLLARS IN MILLIONS, EXCEPT CONTENT PER VEHICLE DATA)				
OPERATING DATA:					
Net sales	$ 343.4	$ 373.8	$496.6	$ 429.9	$ 353.5
Gross profit	57.6	68.4	91.2	86.4	62.0
Selling, general and administrative expenses	29.4	32.6	42.1	39.5	32.7
Amortization	1.7	1.6	2.1	1.9	3.5
Operating income	26.5	34.2	47.0	45.0	25.8
Interest expense, net	3.0	3.4	4.2	3.7	4.3
Other (income) expense, net(1)	2.3	3.4	4.2	4.4	(.3)
Income before income taxes	21.2	27.4	38.6	36.9	21.8
Income taxes	9.4	12.4	17.3	15.9	8.7
Net income	11.8	15.0	21.3	21.0	13.1
Preferred dividend	--	--	--	.5	1.4
Net income applicable to common stock	$ 11.8	$ 15.0	$ 21.3	$ 20.5	$ 11.7
BALANCE SHEET DATA:					
Current assets	$ 124.9	$ 111.6	$110.2	$ 101.9	$ 99.0
Total assets	276.8	226.0	228.0	203.8	197.3
Current liabilities	73.6	75.2	71.7	79.6	70.1
Long-term debt	70.8	40.2	37.0	31.4	50.1
Stockholders' equity	98.8	82.5	88.2	68.5	60.1
OTHER DATA:					
EBITDA(2)	$ 40.2	$ 46.5	$ 62.2	$ 57.6	$ 37.1
Capital expenditures	20.6	14.7	22.0	17.8	18.0
North American content per vehicle(3)	34	31	33	30	26

- ------------------------

(1) Other (income) expense includes minority interest in consolidated subsidiaries.

(2) "EBITDA" is operating income plus depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(3) "North American content per vehicle" is Masland's net automotive sales in North America divided by total North American vehicle production. "North American vehicle production" comprises car and light truck production in the United States, Canada and Mexico estimated by the Company from industry sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS OF MASLAND CORPORATION

Nine Months Ended March 29, 1996 Compared with Nine Months Ended March 31, 1995

Net sales decreased $30.4 million or 8.1% from $373.8 million for the nine months ended March 31, 1995 to $343.4 million for the nine months ended March 29, 1996. The net sales decrease was due to lower North American light vehicle production and a slower than anticipated ramp up in production of the redesigned Ford Taurus/Mercury Sable. Also, the fiscal 1995 period included approximately $6.5 million in sales from the non-automotive business of H.L. Blachford, Inc. ("Blachford") which was divested in March 1995.

Cost of sales as a percentage of net sales increased from 81.7% for the nine months ended March 31, 1995 to 83.2% for the nine months ended March 29, 1996. This cost increase was primarily due to the effect of decreased sales on fixed costs combined with additional costs for several new product and program launches, including the redesigned Ford F-Series pickup and the redesigned Ford Taurus/Mercury Sable.

Selling, general and administrative expenses decreased $1.3 million or 6.5% from $19.4 million for the nine months ended March 31, 1995 to $18.1 million for the nine months ended March 29, 1996. The decrease was primarily due to lower incentive compensation expense and cost savings associated with the Blachford acquisition, which was completed in September 1994. This decrease was partially offset by reorganization expenses related to streamlining, decentralization and customer focus efforts.

Research, development and engineering declined from 3.5% of net sales for the nine months ended March 31, 1995 to 3.3% of net sales for the nine months ended March 29, 1996. Interest expense decreased from $3.4 million for the nine months ended March 31, 1995 to $3.0 million for the nine months ended March 29, 1996, primarily due to a decline in interest rates. Other expense decreased $1.1 million for the nine months ended March 29, 1996 compared to the nine months ended March 31, 1995. The improvement in other expense is primarily due to the nine months ended March 31, 1995 containing the foreign exchange loss resulting from the 50% devaluation of the Mexican peso between December 20, 1994 and March 31, 1995. The effective income tax rates for the nine months ended March 31, 1995 and March 29, 1996 were 41.8% and 39.9%, respectively. The decrease in the effective tax rate was due to a decrease in the state income tax rate in Masland's primary state tax jurisdiction and due to changes in the distribution of income among Masland's various foreign and domestic tax jurisdictions.

Net cash flow provided by operating activities for the first nine months of fiscal 1996 was $15.7 million. This was the result of net income of $11.8 million and non-cash charges of $11.2 million, primarily depreciation, offset by an increase in non-cash working capital of $7.3 million. Significant non-operating uses of cash were investments of $23 million in Sommer Masland (U.K.) Ltd. and Precision Fabrics Group, Inc. ("PFG"), capital expenditures of $20.6 million and dividends on common stock of $0.05 per share, totaling $2.0 million.

On July 31, 1995, Masland formed a joint venture, Sommer Masland (U.K.) Ltd. by purchasing 50% of Sommer Allibert S.A.'s existing manufacturing facility in Washington, England for approximately $8 million. This facility, which supplies Nissan, Peugeot and Saab, has annual sales of approximately $20 million. Masland and Sommer plan to conduct their acoustic and soft-surface trim business in the United Kingdom exclusively through the joint venture.

On September 27, 1995, Masland invested $15 million in PFG in exchange for a 29% equity interest. In connection with the investment, Masland received an option to acquire the remainder of PFG for 4.1 million shares of Masland. PFG recently introduced the Precision Technology Airbag which it plans to market to the automotive industry. PFG is presently a technology leader in the development and manufacture of highly engineered lightweight fabrics for the aerospace, medical and computer industries.

Fiscal Year Ended June 30, 1995 Compared with Fiscal Year Ended July 1, 1994

Net sales increased $66.7 million, or 15.5%, from $429.9 million in fiscal 1994 to $496.6 million in fiscal 1995. About $33 million of the increase was associated with the acquisition of Blachford. The remaining increase was primarily due to participation on several new vehicles during fiscal 1995, including the Ford Contour/Mystique, the Lincoln Continental/Town Car and the Toyota Avalon and an overall increase in industry automotive vehicle builds during fiscal 1995. The increase in industry vehicle builds was concentrated in the first half of fiscal 1995.

Cost of sales as a percentage of net sales increased from 79.9% in fiscal 1994 to 81.6% in fiscal 1995. This increase in cost of sales as a percentage of net sales was primarily due to lower margins on the acquired business of Blachford, costs incurred on several new product launches and product mix. These increases were partially offset by the effect of the increased sales volume on fixed costs and the impact of various productivity initiatives.

Selling, general and administrative expenses decreased from 5.9% of net sales in fiscal 1994 to 5.0% of net sales in fiscal 1995. This improvement was primarily due to the effect of the increased sales volume on fixed costs, decreased incentive compensation in fiscal 1995, and a nonrecurring charge of $0.9 million in fiscal 1994 associated with the vesting of certain stock options at the date of Masland's initial public offering.

Research, development and engineering expenses increased 21.1% from $14.2 million in fiscal 1994 to $17.2 million in fiscal 1995, primarily due to increased levels of activity regarding new process and product development at Masland's Technical Center in Plymouth, Michigan and due to incremental costs associated with the acquisition of Blachford. Interest expense increased from $3.7 million in fiscal 1994 to $4.2 million in fiscal 1995 due to incremental debt arising from the Blachford acquisition and an increase in average interest rates. Other income and expense consists of foreign currency exchange losses in fiscal 1994 and fiscal 1995. The loss of $1.0 million incurred in fiscal 1995 relates primarily to the 45% devaluation of the Mexican peso subsequent to December 20, 1994. The effective income tax rates for fiscal 1994 and fiscal 1995 were 39.0% and 41.3%, respectively. The increase in the effective income tax rate was due to decreased tax benefits recognized in fiscal 1995 compared to fiscal 1994 associated with tax net operating loss carryforwards and other tax credits and due to changes in the distribution of income among Masland's various foreign and domestic tax jurisdictions.

Fiscal Year Ended July 1, 1994 Compared to the Fiscal Year Ended July 2, 1993

Net sales increased 21.6% from $353.5 million in fiscal 1993 to $429.9 million in fiscal 1994. On May 8, 1993, Masland began to consolidate the results of Amtex, Inc., a 50% owned joint venture ("Amtex"), as a result of entering into a revised Joint Venture Agreement with its joint venture partner. Prior to this date, the results of Amtex were accounted for under the equity method. Had the results of Amtex been consolidated for all of fiscal 1993, sales for that year would have been $369.4 million and the increase in Masland's sales for fiscal 1994 would have been $60.5 million or 16.4%. This increase was due to overall increases in North American automotive industry vehicle builds during fiscal 1994 compared to fiscal 1993, and participation on several new vehicles during fiscal 1994, including the Chrysler Neon and the Ford Mustang.

Cost of sales as a percentage of net sales improved from 82.5% in fiscal 1993 to 79.9% in fiscal 1994. This improvement was a result of Masland's continuing efforts to improve productivity and reduce costs and the effect of increased sales on fixed costs in fiscal 1994.

Selling, general and administrative expenses increased by $2.2 million, but decreased from 6.5% of net sales in fiscal 1993 to 5.9% of net sales in fiscal 1994. The increased costs in fiscal 1994 were primarily due to a charge to expense of $0.9 million resulting from the immediate vesting of certain stock options concurrent with Masland's initial public offering, the consolidation of Amtex and to increased incentive compensation resulting from improved profitability.

Research, development and engineering expenses increased 47.9% from $9.6 million in fiscal 1993 to $14.2 million in fiscal 1994, primarily due to Masland's Technical Center in Plymouth, Michigan becoming fully operational during fiscal 1994 and an increase in engineering personnel and related expenses. Interest expense decreased from $4.3 million in fiscal 1993 to $3.7 million in fiscal 1994 due to a decrease in average interest rates and lower average borrowings, partially offset by additional interest expense resulting from the consolidation of Amtex. Earnings of Amtex prior to May 8, 1993 were recorded under the equity method of accounting and were included in other (income) expense, primarily accounting for the change in this balance from income of $0.5 million for fiscal 1993 to expense of $0.4 million in fiscal 1994. The effective income tax rates for fiscal 1993 and fiscal 1994 were 39.4% and 39.0%, respectively.

BUSINESS OF THE COMPANY

GENERAL

Lear is the largest independent supplier of automotive interior systems in the estimated $40 billion global automotive interior systems market and the tenth largest independent automotive supplier in the world. The Company's principal products include: finished automobile and light truck seat systems; interior trim products, such as door panels and headliners; and component products, such as seat frames, seat covers and various blow molded plastic parts. The Company's extensive product offerings were recently expanded through the acquisition of Masland, a leading Tier I designer and manufacturer of automotive floor and acoustic systems and interior and luggage trim components. This acquisition, together with the August 1995 acquisition of Automotive Industries, has made Lear the world's largest independent automotive supplier with the ability to design, engineer, test and deliver products for a total vehicle interior. The Company's present customers include 24 original equipment manufacturers ("OEMs"), the most significant of which are Ford, General Motors, Fiat, Chrysler, Volvo, Saab, Volkswagen and BMW. As of June 1, 1996, after giving pro forma effect to the Masland Acquisition, the Company would have employed approximately 40,000 people in 19 countries and operated 131 manufacturing, research and development, product engineering and administration facilities.

The Company has experienced substantial growth in market presence and profitability over the last five years both as a result of internal growth as well as acquisitions. The Company's sales have grown from approximately $1.1 billion for the year ended June 30, 1991 to approximately $4.7 billion for the year ended December 31, 1995, a compound annual growth rate of 38%. After giving pro forma effect to the AI and Masland acquisitions, the Company's sales would have been approximately $5.7 billion for the year ended December 31, 1995. The Company's operating income has grown from $44.7 million for the year ended June 30, 1991 to $244.8 million for the year ended December 31, 1995, a compound annual growth rate of 46%.

The increase in the Company's sales and the improvement in its operating performance are attributable primarily to the Company's strategy of capitalizing on two significant trends in the automotive industry: (i) the outsourcing of automotive components and systems by OEMs; and (ii) the consolidation and globalization of the OEMs' supply base. Outsourcing of interior components and systems has increased in response to competitive pressures on OEMs to improve quality and reduce capital needs, costs of labor, overhead and inventory. Consolidation among automotive industry suppliers has occurred as OEMs have more frequently awarded long-term sole source contracts to the most capable global suppliers. Increasingly, the criteria for selection include not only cost, quality and responsiveness, but also certain full-service capabilities, including design, engineering and project management support. OEMs now have rigorous programs for evaluating and rating suppliers, which encompass quality, cost control, reliability of delivery, new technology implementation and overall management. Under these programs, each facility operated by a supplier is evaluated independently. The suppliers who obtain superior ratings from an OEM are considered for new business; those who do not may continue their existing contracts, but are unlikely to be considered for additional business. As a result, the OEMs' new supplier policies will continue to reduce the number of component and system suppliers. The Company believes that OEMs in North America and Europe will continue to pursue outsourcing and supplier consolidation as a means of cost reduction.

The Company has positioned itself as the leading global Tier I supplier of interior systems and components to OEMs. Tier I status typically means that the supplier is awarded a program for a particular vehicle in the early stages of a vehicle's design. The Tier I supplier becomes responsible for total product management, including design, development, component sourcing, quality assurance procedures, manufacture and delivery to the OEM's assembly plant. The OEMs benefit from lower costs, improved quality, timely delivery and the administrative convenience of being able to outsource complete systems to a single supplier or a small group of suppliers.

In 1995, Lear was the leading independent supplier to the total $40 billion global automotive interior market, with a 12% share after giving pro forma effect to the AI and Masland acquisitions. In addition, the Company in 1995 held a leading 34% share of the estimated $6.9 billion total North American seat systems market and was the leading independent supplier to the estimated $5.5 billion total Western European seat

systems market, with a 19% share. The door panel and headliner segments of the automotive interior market are highly fragmented, contain no dominant independent supplier and are in the early stages of the outsourcing and/or consolidation process. The Company believes that the same competitive pressures that contributed to the rapid expansion of its seat systems business in North America since 1983 will continue to encourage automakers in the North American and European markets to outsource more of their door panel and headliner requirements.

The Company's North American content per vehicle has increased from $12 in 1983 to $227 in 1995. In Western Europe, the content per vehicle has grown from $3 in 1983 to $102 in 1995. These increases have resulted from the Company's ability to capitalize on a number of industry trends including outsourcing, greater design responsibility by Tier I suppliers and the increased sophistication of seat systems and other interior products as OEMs add convenience features and luxury items into vehicle models. The increases in content per vehicle also resulted from several recent acquisitions, including Automotive Industries and the Fiat Seat Business. See " -- Recent Acquisitions." In addition, the Company believes it can further increase interior content through the development of more advanced automobile safety features, such as side impact airbags and fully integrated seatbelts.

The Company is the successor to a seat frame manufacturing business founded in 1917 that served as a supplier to General Motors and Ford from its inception. As a result of the expansion of the Company's business from automotive seat systems to products for a vehicle's complete interior, the Company changed its name to "Lear Corporation" from "Lear Seating Corporation" effective May 9, 1996.

BUSINESS STRATEGY

Lear's business objective is to expand its position as the leading independent supplier of automotive interior systems in the world. To achieve this objective, the Company will continue to pursue a strategy based upon the following elements:

- Strong Relationships with the OEMs. The Company's management has developed strong relationships with its 24 OEM customers which allow Lear to identify business opportunities and anticipate customer needs in the early stages of vehicle design. Management believes that working closely with OEMs in the early stages of designing and engineering vehicle interior systems gives it a competitive advantage in securing new business. Lear maintains an excellent reputation with the OEMs for timely delivery and customer service and for providing world class quality at competitive prices. As a result of the Company's service and performance record, many of the Company's facilities have won awards from OEMs with which they do business.

- Global Presence. In 1995, more than two-thirds of total worldwide vehicle production occurred outside of the United States and Canada. Due to opportunities for significant cost savings and improved product quality and consistency, OEMs have increasingly required their suppliers to manufacture interior systems and other components in multiple geographic markets. In recent years, the Company has aggressively expanded its operations in Western Europe and emerging markets in South America, South Africa, the Pacific Rim and elsewhere, giving it the capability to provide its products on a global basis to its OEM customers. A global market presence also affords Lear some protection against cyclical downturns in any single market. During 1995, in furtherance of its global expansion strategy, the Company entered into three joint ventures and expanded its wholly-owned operations into South Africa. The first joint venture agreement was with an affiliate of Industria Espanola del Polieter, S.A., a Spanish corporation, to supply seat systems in Brazil for the Volkswagen Gol. The Company also entered into a joint venture agreement with TeknoSeating S.A., the largest independent automotive supplier in Argentina, to supply seat systems to Volkswagen in Argentina for the Gol and the Cordoba models and with Trambusti, a Brazilian company, to supply seat systems to Fiat in Brazil for the Palio (Fiat's World Car), the Tempra, and several light truck models. In addition, Lear further expanded its presence internationally by opening a facility in South Africa to provide seat systems to BMW. In 1995, the Company's sales outside the United States and Canada, after giving pro forma effect to the AI and Masland acquisitions, would have grown to approximately $1.7 billion or approximately 30% of the Company's total pro forma sales.

- Increased Interior Content. OEMs increasingly view the interior of the vehicle as a major selling point to their customers. A major focus of Lear's research and development efforts is to identify new interior features that make vehicles safer and more comfortable, while continuing to appeal to consumer preferences. For example, Lear's involvement in 1994 with Volvo and AutoLiv led to the automotive industry's first vehicle with side-impact airbags. In addition, Lear's proprietary Integral Restraint Seat, which will be introduced in GM's 1997 Buick Park Avenue, offers consumers easy access to the vehicle's rear seat as well as improved seat comfort and safety. The development of these and other safety and comfort features has been, and management believes will continue to be, an important factor in the Company's future growth.

- Product Technology and Design Capability. Lear has made substantial investments in technology and design capability to support its products. The Company maintains four research and development centers (in Southfield, Michigan, Rochester Hills, Michigan, Plymouth, Michigan and Turin, Italy) where it develops and tests current and future products to determine compliance with safety standards, quality and durability, response to environmental conditions and user wear and tear. The Company also has state-of-the-art acoustics testing, instrumentation and data analysis capabilities. At its 16 customer-dedicated product engineering centers, specific program applications are developed and tested. Benchmarking studies are also conducted to aid in developing innovative interior design features. The Company has also made substantial investments to upgrade its advanced computer-aided engineering ("CAE") and computer-aided design/computer-aided manufacturing ("CAD/CAM") systems. Several tools recently added to electronically create a product and evaluate its performance include advanced design modeling software, dynamic crash simulation, linear and non-linear finite element analysis and solids modeling. Lear's "Best-in-Class" testing program incorporates the use of a state-of-the-art programmable vehicle model, which allows the Company to evaluate the actual feel and ergonomic implications of various interior products. In addition, the Company has developed a program management process to ensure that customers' expectations are met. The proprietary "Visions" program allows Lear to manage all aspects of product development. The process ensures that employees, customers and suppliers of the Company work as a team to deliver high quality, cost-effective products on a timely basis.

- Lean Manufacturing Philosophy. Lear's "lean manufacturing" philosophy seeks to eliminate waste and inefficiency in its own operations and in those of its customers and suppliers. The Company believes that it provides superior quality automotive interior products at lower costs than the OEMs. All of the Company's seat system facilities and many of its other manufacturing facilities are linked by computer directly to those of the Company's suppliers and customers. These facilities receive components from their suppliers on a JIT basis, and deliver interior systems and components to customers on a sequential JIT basis, which provides products to an OEM's manufacturing facility in the color and order in which the products are used. The process minimizes inventories and fixed costs for both the Company and its customers and enables the Company to deliver products on as little as 90 minutes' notice. For the year ended December 31, 1995, the Company's overall annual inventory turnover rate was 30 times and up to 200 times in the case of certain of the Company's JIT plants. The Company also minimizes fixed costs by using existing suppliers to the OEMs and the OEMs themselves for certain components. In cases where one of the Company's seating manufacturing facilities is underutilized, the Company is able to redistribute products to increase facility utilization.

- Growth Through Strategic Acquisitions. Strategic acquisitions have been, and management believes will continue to be, an important element in the Company's growth worldwide and in its efforts to capitalize on the outsourcing and supplier consolidation trends. The Company's recent acquisitions have expanded its OEM customer base and worldwide presence and enhanced its relationships with existing customers. The AI and Masland acquisitions also provide the Company a significant presence in the non-seating segments of the automobile and light truck interior market. The Company believes that these markets hold significant growth potential for Lear because currently there is no dominant independent supplier of these products and they are in the early stages of the outsourcing and consolidation process that has contributed to the expansion of the seat systems industry since the early 1980's. In 1995, after giving pro forma effect to the AI and Masland acquisitions, the Company's sales of non-seating systems and components would have been approximately $1.4 billion, or approximately 25% of the Company's total pro forma sales. The Company will continue to consider strategic acquisitions that expand its global presence, improve its technological capabilities or enhance customer relationships.

RECENT ACQUISITIONS

To supplement its internal growth and implement its business strategy, the Company has made several strategic acquisitions since 1990. The following is a summary of recent major acquisitions:

Masland Acquisition

The Company is acquiring Masland for an aggregate purchase price of $459.6 million (including the assumption of Masland's existing indebtedness, net of cash and cash equivalents, of $64.7 million and the payment of fees and expenses of $10 million in connection with the acquisition). In 1995, Masland held a leading 38% share of the estimated $1 billion North American floor and acoustic systems market. Masland is also a major supplier of interior and luggage compartment trim components and other acoustical products which are designed to minimize noise and vibration for passenger cars and light trucks. Masland supplies the North American operations of Ford, Chrysler, General Motors, Honda, Isuzu, Mazda, Mitsubishi, Nissan, Subaru and Toyota, as well as the European operations of Nissan, Peugeot and Saab. Masland has had a continuous relationship with Ford, its largest customer, since 1922. For its fiscal year ended June 30, 1995, Masland had net sales, EBITDA, operating income and net income of $496.6 million, $62.2 million, $47.0 million and $21.3 million, respectively.

In addition to the experience and expertise of Masland's management team, the Company believes that the Masland Acquisition will provide Lear with several benefits, including the following:

- Total Interior Systems. The Masland Acquisition enhances Lear's ability to provide a total interior system. Before the acquisition, the Company had manufacturing capabilities in three of the five principal automotive interior system segments. The Masland Acquisition gives Lear manufacturing capabilities and a leading market position in a fourth segment, floor and acoustic systems, leaving instrument panels as the only segment in which the Company does not have a manufacturing capability. Management believes that the ability to offer a total interior system provides Lear with a competitive advantage as OEMs continue to reduce their supplier base while demanding improved quality and additional Tier I services. Integrating the total interior for a model through one supplier provides several benefits to an OEM, including (i) cost reduction, (ii) shorter product development cycles, (iii) improved interior appearance through better fitting components and color, grain and material matching and (iv) greater ability to focus on core competencies.

- Growth Opportunities. Lear's market leadership, expertise and established relationships with European OEMs (Fiat, Opel, Volvo, Saab and BMW) will provide Masland with additional access to the European market. In addition, Lear's entry into global automotive growth areas, particularly in South America and the Asia-Pacific region, affords further growth opportunities for Masland.

- Margin Improvements. Operating margins in the floor and acoustic systems market are generally higher than those in the seating market. Historically, Masland's operating margins have been higher than the Company's and should, therefore, improve the Company's consolidated operating margin. The additional cash flows provided from operations would be available for debt reduction or reinvestment in new growth opportunities worldwide. In addition, the Company believes that additional savings will be realized through purchasing, engineering, manufacturing and administration consolidation.

- Technology. Masland provides the Company with access to leading-edge technology. Its 33,000 square foot Technical Center in Plymouth, Michigan provides complete full service acoustics testing, design, product engineering, systems integration and program management. Masland's acoustics lab offers state-of-the-art instrumentation, testing, and data-analysis capabilities. It also owns one of the few proprietary-design dynamometers capable of precision acoustics testing of front, rear, and four wheel drive vehicles. Together with its custom-designed reverberation room, computer controlled data gathering and analysis capabilities, Masland provides precisely controlled laboratory conditions for sophisticated interior and exterior noise, vibration, and harshness (NVH) testing of parts, materials, and systems, including powertrain, exhaust, and suspension components. Masland also owns a 29%

interest in PFG, which has patented a process to sew and fold an ultralight fabric into airbags which are 60% lighter than the current airbags used in the automotive industry.

AI Acquisition

In August 1995, the Company acquired all the outstanding common stock of AI, a leading designer and manufacturer of high quality interior systems and blow molded plastic parts to automobile and light truck manufacturers. Prior to the AI Acquisition, Lear had participated primarily in the seat system segment of the interior market, which comprises approximately 47% of the total combined North American and Western European interior markets. By providing the Company with substantial manufacturing capabilities in door panels and headliners, the AI Acquisition made Lear the largest independent Tier I supplier of automotive interior systems in the North American and Western European light vehicle interior market. Management believes that OEMs will increasingly ask their lead suppliers to fill the role of "Systems Integrator" to manage the design, purchase and supply of the total vehicle interior. As a result of the AI Acquisition, as well as the Masland Acquisition, Lear is well-positioned to fill this role. The aggregate purchase price for the AI Acquisition was $885.0 million (including the assumption of $250.5 million of AI's existing indebtedness and fees and expenses of $18.1 million). These funds were provided by borrowings under the Credit Agreement.

Prior to its acquisition by Lear, Automotive Industries itself augmented its substantial internal growth with selected strategic acquisitions. The acquisitions allowed AI to expand its interior trim systems product capabilities and substantially increased AI's ability to provide advanced design, engineering and program management services to its customers. At the same time, these acquisitions increased AI's global presence and provided AI access to new customers and new technologies. As a division of Lear, AI continues to consider strategic acquisitions as a means to further growth.

FSB Acquisition

On December 15, 1994, the Company, through its wholly-owned subsidiary, Lear Seating Italia Holdings, S.r.L., acquired the primary automotive seat systems supplier to Fiat and certain related businesses (the "Fiat Seat Business" or the "FSB"). Lear and Fiat also entered into a long-term supply agreement for Lear to produce all outsourced automotive seat systems for Fiat and affiliated companies worldwide. The acquisition of the Fiat Seat Business not only established Lear as the market leader in automotive seat systems in Europe, but combined with its leading position in North America, made Lear the largest automotive seat systems manufacturer in the world. In addition, it gave the Company access to rapidly expanding markets in South America and has resulted in the formation of new joint ventures which will supply automotive seat systems to Fiat or its affiliates in Brazil and Argentina.

NAB Acquisition

On November 1, 1993, Lear significantly strengthened its position in the North American automotive seating market by purchasing the North American seat cover and seat systems business (the "NAB") of Ford Motor Company. The NAB consists of an integrated United States and Mexican operation which produces seat covers for approximately 80% of Ford's North American vehicle production (as well as for several independent suppliers) and manufactures seat systems for certain Ford models. Prior to the NAB Acquisition, the Company outsourced a significant portion of its seat cover requirements. The expansion of the Company's seat cover business has provided Lear with better control over the costs and quality of one of the critical components of a seat system. In addition, by virtue of the NAB Acquisition, the Company was able to enhance its relationship with one of its largest OEM customers, entering into a five year supply agreement with Ford covering models for which the NAB had produced seat covers and seat systems at the time of the acquisition. The Company also assumed during the term of the supply agreement primary engineering responsibility for a substantial portion of Ford's car models, providing Lear with greater involvement in the planning and design of seat systems and related products for future light vehicle models.

Scandinavian Acquisitions

In 1991 and 1992, the Company acquired the seat systems businesses of Saab in Sweden and Finland and of Volvo in Sweden. In connection with each of these acquisitions, the Company entered into long-term relationships with the respective OEMs.

PRODUCTS

Lear's products have evolved from the Company's many years of experience in the seat frame market where it has been a major supplier to General Motors and Ford since its inception in 1917. The seat frame has structural and safety requirements which make it the basis for overall seat design and was the logical first step to the Company's emergence as a dominant supplier of entire seat systems and seat components. With the acquisitions of Automotive Industries and Masland, the Company has expanded its product offerings and can now manufacture and supply its customers with floor systems, headliners and door panels. The Company also produces a variety of blow molded products and other automotive components such as fluid reservoirs, fuel tank shields, exterior airdams, front grille assemblies, engine covers, battery trays/covers and insulators. Lear believes that as OEMs continue to seek ways to improve vehicle quality while simultaneously reducing the costs of the various vehicle components, they will increasingly look to suppliers such as Lear with the capability to test, design, engineer and deliver products for a complete vehicle interior.

The following is the approximate composition by product category of the Company's net sales in the year ended December 31, 1995, after giving pro forma effect to the AI and Masland acquisitions: seat systems, $3.7 billion; floor and acoustic systems, $450 million; door panels, $350 million; headliners, $100 million; and other component products, $1.1 billion.

- SEAT SYSTEMS. The seat systems business consists of the manufacture, assembly and supply of seating requirements for a vehicle or assembly plant. Seat systems typically represent approximately 50% of the cost of the total automotive interior. The Company produces seat systems for automobiles and light trucks that are fully finished and ready to be installed in a vehicle. Seat systems are fully assembled seats, designed to achieve maximum passenger comfort by adding a wide range of manual and power features such as lumbar supports, cushion and back bolsters and leg and thigh supports.

As a result of its product technology and product design strengths, the Company can provide ergonomic designs which offer styling flexibility at low cost. In addition, the Company is able to incorporate many convenience features and safety improvements into its seat designs, such as storage armrests, rear seat fold down panels, integrated restraint systems, child restraint seats, and side impact air bags.

Lear's position as a market leader in seat systems is largely attributable to seating programs on new vehicle models launched in the past five years. The Company believes that supplying seating for these new vehicle models will provide it with a revenue stream throughout the lives of these models. The Company is currently working with customers in the development of a number of seat systems products to be introduced by automobile manufacturers in the next six years, which it expects will lead to an increase in opportunities in the future. In addition, with the AI and Masland acquisitions, the Company believes it has significant cross-selling opportunities across both customers and vehicle platforms and is well-positioned to expand its position as the leading independent supplier of automotive interior systems in the world.

- FLOOR AND ACOUSTIC SYSTEMS. Floor systems consist both of carpet and vinyl products, molded to fit precisely the front and rear passenger compartments of cars and trucks, and accessory mats. While carpet floors are used predominately in passenger cars and trucks, vinyl floors, because of their better wear and washability characteristics, are used primarily in commercial and fleet vehicles. The Company, through its Masland Division, is the largest supplier of vinyl floor systems in North America, and the only supplier of both carpet and vinyl floor systems. Recently, Masland developed Maslite(TM), a lightweight material which has replaced vinyl accessory mats on selected applications. Maslite(TM) is a superior product with improved performance with the additional significant advantage of 40% less weight than vinyl.

The automotive floor system is multi-purpose. Its performance is based on the correct selection of materials to achieve an attractive, quiet, comfortable and durable interior compartment. Automotive carpet

requirements are more stringent than the requirements for carpet used in homes and offices. For example, automotive carpet must provide higher resistance to fading and improved resistance to wear despite being lighter in weight than carpet found in homes and offices. The Masland Division's significant experience has enabled it to meet these specialized needs. Carpet floor systems generally consist of tufted carpet to which a specifically engineered thermoplastic backcoating has been added. This backcoating, when heated, enables the Company to mold the carpet to fit precisely the interior of the vehicle. Additional insulation materials are added to provide noise, heat and vibration resistance. Floor systems are complex products which are based on sophisticated designs and use specialized design materials to achieve the desired visual, acoustic and heat management requirements in the automotive interior.

The Masland Division's primary acoustic product, after floor systems, is the dash insulator. The dash insulator attaches to the vehicle's sheet metal firewall, separating the passenger compartment from the engine compartment, and is the primary component for preventing engine noise and heat from entering the passenger compartment. The Masland Division's ability to produce both the dash insulator and the floor system enables the Company to accelerate the design process and supply an integrated system. The Company believes that OEMs, recognizing the cost and quality advantages of producing the dash insulator and the floor system as an integrated system, will increasingly seek suppliers to coordinate the design, development and manufacture of the entire floor and acoustic system.

Floor and acoustic systems accounted for approximately 81% of Masland's total revenues in 1995 when it held a leading 38% share in the estimated $1 billion North American floor and acoustic systems market. In addition, the Masland Division participates in the European floor system market through its joint venture with Sommer-Allibert S.A.

- DOOR PANELS. Door panels consist of several component parts that are attached to a base molded substrate by various methods. Specific components include vinyl- or cloth-covered appliques, armrests, radio speaker grilles, map pocket compartments and carpet and sound reducing insulation. Upon assembly, each component must fit precisely, with a minimum of misalignment or gap, and must match the color of the base substrate.

In 1995, after giving pro forma effect to the AI Acquisition, the Company would have held a leading 16% share of the estimated $1.6 billion North American door panel market. Management believes that this leadership position has been obtained by offering OEMs the widest variety of manufacturing processes for door panel production. In Western Europe, the Company held a small position in the door panel market. These markets are highly fragmented and just beginning to experience the outsourcing and/or consolidation trends that have characterized the seat systems market since the 1980's. With its global scope, technological expertise and established customer relationships, Lear believes that it is well-positioned to benefit from these positive industry dynamics.

- HEADLINERS. The Company designs and manufactures headliners which consist of the headliner substrate, covering material, visors, overhead consoles, grab handles, coat hooks, lighting, wiring and insulators. As with door panels, upon assembly each component must fit precisely and must match the color of the base substrate. With its sophisticated design and engineering capabilities, the Company believes it is able to supply headliners with enhanced quality and lower costs than OEMs could internally achieve. Through its manufacturing capabilities, the Company also believes that it is one of the most process-diverse suppliers of headliners in North America.

The headliner market is highly fragmented, with no dominant independent supplier. As OEMs continue to seek ways to improve vehicle quality and simultaneously reduce costs, the Company believes that headliners will increasingly be outsourced to suppliers such as Lear, providing the Company with significant growth opportunities.

- COMPONENT PRODUCTS. In addition to the interior systems and other products described above, the Company is able to supply a variety of interior trim and other automobile components as well as blow molded plastic parts.

Lear produces seat covers for integration into its own seat systems and for delivery to external customers. The Company's major external customers for seat covers are other independent seat systems suppliers as well as the OEMs. The Company is currently producing approximately 80% of the seat covers for Ford's North American vehicles. The expansion of the Company's seat cover business allows the Company better control over the costs and quality of one of the critical components of a seat system. Typically, seat covers comprise approximately 30% of the aggregate cost of a seat system.

Lear produces steel and aluminum seat frames for passenger cars and light and medium trucks. Seat frames are primarily manufactured using precision stamped, tubular steel and aluminum components joined together by highly automated, state-of-the-art welding and assembly techniques. The manufacture of seat frames must meet strict customer specified safety standards. The Company's seat frames are either delivered to its own plants where they become part of a completed seat that is sold to the OEM customer, to customer-operated assembly plants or to other independent seating suppliers for use in the manufacture of assembled seating systems.

The Company, through its AI Division, produces a variety of interior trim products, such as pillars, cowl panels, scuff plates, trunk liners, quarter panels and spare tire covers, as well as blow molded plastic products, such as fluid reservoirs, vapor canisters and duct systems. In contrast to AI's interior trim products, blow molded products require little assembly. However, the manufacturing process for such parts demands considerable expertise in order to consistently produce high-quality products. Blow molded parts are produced by extruding a shaped parison or tube of plastic material and then clamping a mold around the parison. High pressure air is introduced into the tube causing the hot plastic to take the shape of the surrounding mold. The part is removed from the mold after cooling and finished by trimming, drilling and other operations.

MANUFACTURING

All of the Company's facilities use JIT manufacturing techniques and most of the Company's seating related products and many of the Company's other interior products are delivered to the OEMs on a JIT basis. The JIT concept, first broadly utilized by Japanese automobile manufacturers, is the cornerstone of the Company's manufacturing and supply strategy. This strategy involves many of the principles of the Japanese system, but was redeveloped for compatibility with the greater volume requirements and geographic distances of the North American market. The Company first developed JIT operations in the early 1980s at its seat frame manufacturing plants in Morristown, Tennessee and Kitchener, Ontario, Canada. These plants previously operated under traditional manufacturing practices, resulting in relatively low inventory turnover rates, significant scrap and rework, a high level of indirect labor costs and long production set-up times. As a result of JIT manufacturing techniques, the Company has been able to consolidate plants, increase capacity and significantly increase inventory turnover, quality and productivity.

The JIT principles first developed at Lear's seat frame plants were next applied to the Company's growing seat systems business and have now evolved into sequential parts delivery ("SPD") principles. The Company's seating plants are typically no more than 30 minutes or 20 miles from its customers' assembly plants and manufacture seats for delivery to the customers' facilities in as little as 90 minutes. Orders for the Company's seats are received on a weekly basis, pursuant to blanket purchase orders for annual requirements. These orders detail the customers' needs for the ensuing week. In addition, constant computer and other communication is maintained between personnel at the Company's plants and personnel at the customers' plants to keep production current with the customers' demand.

Seat assembly techniques fall into two major categories, traditional assembly methods (in which fabric is affixed to a frame using Velcro, wire or other material) and more advanced bonding processes. The Company's principal bonding technique involves its patented SureBond(TM) process, a technique in which fabric is affixed to the underlying foam padding using adhesives. The SureBond(TM) process has several major advantages when compared to traditional methods, including design flexibility, increased quality and lower cost. The SureBond(TM) process, unlike alternative bonding processes, results in a more comfortable seat in which air can circulate freely. The SureBond(TM) process, moreover, is reversible, so that seat covers that are improperly installed can be removed and repositioned properly with minimal materials cost. In addition, the SureBond(TM)

process is not capital intensive when compared to competing bonding technologies. Approximately one-third of the Company's seats are manufactured using the SureBond(TM) process.

The seat assembly process begins with pulling the requisite components from inventory. Inventory at each plant is kept at a minimum, with each component's requirement monitored on a daily basis. This allows the plant to devote the maximum space to production, but also requires precise forecasts of the day's output. Seats are assembled in modules, then tested and packaged for shipment. The Company operates a specially designed trailer fleet that accommodates the off-loading of vehicle seats at the customer's assembly plant.

The Company's AI Division uses numerous molding, bonding, trimming and finishing manufacturing processes. The wide variety of manufacturing processes helps to satisfy customers' different cost and functionality specifications. AI's ability and experience in producing interior products for such a vast array of applications enhances the Company's ability to provide total interior solutions to OEMs globally. The AI Division employs many of the same JIT principles used at the Company's seat facilities.

The core technologies used in the AI Division's interior trim systems include injection molding, low-pressure injection molding, rotational molding and urethane foaming, compression molding of Wood-Stock(TM) (a proprietary process that combines polypropylene and wood flour), glass reinforced urethane and a proprietary headliner process. One element of the AI Division's strategy is to focus on more complex, value-added products such as door panels and armrests. The AI Division delivers these integrated systems at attractive prices to the customer because certain services such as design and engineering and sub-assembly are provided more cost efficiently by AI.

The combined pressures of cost reduction and fuel economy enhancement have caused automotive manufacturers to concentrate their efforts on developing and employing lower cost, lighter materials. As a result, plastic content in cars and light trucks has grown significantly. Increasingly, automobile content requires large plastic injection molded assemblies for both the interior and exterior. Plastics are now commonly used in such nonstructural components as interior and exterior trim, door panels, instrument panels, grilles, bumpers, duct systems, taillights and fluid reservoirs. For interior trim applications, substitution of plastics for other materials is largely complete, and little growth through substitution is expected. However, further advances in injection molding technologies are improving the performance and appearance of parts molded in reinforced thermoplastics.

The Masland Division produces carpet at its largest plant in Carlisle, Pennsylvania. Smaller "focused" factories are dedicated to specific groups of customers and are strategically located near their production facilities. This proximity improves responsiveness to Masland customers and speeds product delivery to customer assembly lines, which is done on a JIT basis. Masland's manufacturing operations are complemented by its research and development efforts, which have led to the development of a number of proprietary products, such as their EcoPlus(TM) recycling process as well as Maslite(TM), a lightweight proprietary material used in the production of accessory mats.

The Company obtains steel, aluminum and foam chemicals used in its seat systems from several producers under various supply arrangements. These materials are supplied under various arrangements and are readily available. Leather, fabric and certain purchased components are generally purchased from various suppliers under contractual arrangements usually lasting no longer than one year. Some of the purchased components are obtained through the Company's own customers. The principal purchased components for interior trim systems are polyethylene and polypropylene resins which are generally purchased under long-term agreements and are available from multiple suppliers.

CUSTOMERS

Lear serves the worldwide automobile and light truck market, which produces approximately 50 million vehicles annually. The Company's OEM customers currently include Ford, General Motors, Fiat, Chrysler, Volvo, Saab, Opel, Jaguar, Volkswagen, Audi, BMW, Rover, Honda USA, Daimler-Benz, Mitsubishi, Mazda, Toyota, Subaru, Nissan, Isuzu, Peugeot, Porsche, Renault, and Suzuki. During the year ended December 31, 1995, after giving pro forma effect to the AI and Masland acquisitions, Ford and General

Motors, the two largest automobile and light truck manufacturers in the world, would have accounted for approximately 36% and 31%, respectively, of the Company's net sales. For additional information regarding customers, foreign and domestic operations and sales, see Note 17, "Geographic Segment Data," to the consolidated financial statements of the Company incorporated by reference in this Prospectus.

In the past six years, in the course of retooling and reconfiguring plants for new models and model changeovers, OEMs have eliminated seating production from certain of their facilities, thereby committing themselves to purchasing seat systems and components from outside suppliers. During this period, the Company became a supplier of these products for a significant number of new models, many on a JIT basis.

The purchase of seat systems on a JIT basis has allowed the Company's customers to realize a competitive advantage as a result of (i) a reduction in labor costs since suppliers like the Company generally enjoy lower direct labor and benefit rates, (ii) the elimination of working capital and personnel costs associated with the production of seat systems by the OEM, (iii) a reduction in net overhead expenses and capital investment due to the availability of approximately 60,000 to 80,000 square feet of seat production plant space for expansion of other OEM manufacturing operations and (iv) a reduction in transaction costs by utilizing a limited number of sophisticated system suppliers instead of numerous individual component suppliers. In addition, the Company offers improved quality and on-going cost reductions to its customers through continuous, Company-initiated design improvements. The Company believes that such cost reductions will lead OEMs to outsource an increasing portion of their seating requirements in the future and provide the Company with significant growth opportunities.

The Company's sales of value-added assemblies and component systems have increased as a result of the decision by most OEMs to reduce their internal engineering and design resources. In recent years, the Company has significantly increased its capacity to provide complete engineering and design services to support its product line. Because assembled parts such as door panels, floor and acoustic systems, armrests and consoles need to be designed at an early stage in the development of new automobiles or model revisions, the Company is increasingly given the opportunity to participate earlier in the product planning process. This has resulted in opportunities to add value by furnishing engineering and design services and managing the sub-assembly process for the manufacturer, as well as providing the broader range of parts that are required for the assembly.

The Company has implemented a program of dedicated teams consisting of interior trim and seat system personnel who are able to meet all of a customer's interior needs. These teams provide a single interface for Lear's customers and avoid duplication of sales and engineering efforts. As innovative designs are developed which integrate components into a single unit, the potential to provide the Company's customers with additional cost and time savings should significantly increase. With the acquisition of Masland, the Company intends to integrate floor and acoustic systems into its existing marketing strategy.

The Company receives blanket purchase orders from its customers that normally cover annual requirements for products to be supplied for a particular vehicle model. Such supply relationships typically extend over the life of the model, which is generally four to seven years, and do not require the purchase by the customer of any minimum number of products. Although such purchase orders may be terminated at any time, the Company does not believe that any of its customers have terminated a material purchase order prior to the end of the life of a model. The primary risk to the Company is that an OEM will produce fewer units of a model than anticipated. In order to reduce its reliance on any one model, the Company produces interior systems and components for a broad cross-section of both new and more established models.

The Company's sales for the year ended December 31, 1995 were comprised of the following vehicle categories: 41% light truck; 23% mid-size; 15% compact and other; 12% luxury/sport; and 9% full-size. The following table presents an overview of the major vehicle models for which the Company or its affiliates

produce seat systems, floor and acoustic systems, interior trim products or other components and the locations of such production:

UNITED STATES AND CANADA

BMW:
3 Series
Z3
SUZUKI:
Geo Metro
Geo Tracker
Suzuki Sidekick
Suzuki Swift
CHRYSLER:
Chrysler Cirrus
Chrysler Concorde
Chrysler LeBaron
Chrysler LHS
Chrysler Sebring
Chrysler Town & Country
Dodge Avenger
Dodge Caravan
Dodge Dakota Pick-up Truck
Dodge Intrepid
Dodge Neon
Dodge Ram Pick-up Truck
Dodge Ram Van
Dodge Ram Wagon
Dodge Viper
Eagle Talon
Jeep Cherokee
Jeep Grand Cherokee
Jeep Wrangler
Plymouth Neon
Plymouth Voyager
FORD:
Ford Aerostar
Ford Bronco
Ford Contour
Ford Crown Victoria
Ford Econoline/Club Wagon
Ford Escort
Ford Explorer
Ford F-Series Pick-up Truck
Ford Mustang
Ford Probe
Ford Ranger
Ford Taurus
Ford Taurus SHO
Ford Thunderbird

FORD (CONT):
Ford Windstar Minivan
Lincoln Continental
Lincoln Mark VIII
Lincoln Town Car
Mercury Cougar
Mercury Grand Marquis
Mercury Mystique
Mercury Sable
Mercury Tracer
Mercury Villager
SUBARU/ISUZU:
Isuzu Rodeo
Subaru Legacy
GENERAL MOTORS:
Buick Century
Buick LeSabre
Buick Park Avenue
Buick Regal
Buick Riviera
Buick Skylark
Cadillac DeVille/Concours
Cadillac Eldorado
Chevrolet Astro
Chevrolet Beretta
Chevrolet Blazer
Chevrolet C/K Pick-up Truck
Chevrolet Camaro
Chevrolet Cavalier
Chevrolet Corsica
Chevrolet Corvette
Chevrolet Kodiak
Chevrolet Lumina/Van
Chevrolet Monte Carlo
Chevrolet Express
Chevrolet/GMC Suburban
Chevrolet S Pick-up Truck
Chevrolet Tahoe/GMC Yukon
GMC 10-30,15-35
GMC C/K Pick-up Truck
GMC Savana
GMC Safari

GENERAL MOTORS (CONT):
GMC Sonoma
GMC Top Kick
Oldsmobile 88
Oldsmobile Achieva
Oldsmobile Aurora
Oldsmobile Ciera
Oldsmobile Cutlass Supreme
Oldsmobile Eurosport
Oldsmobile Silhouette
Pontiac Bonneville
Pontiac Firebird
Pontiac Grand Am
Pontiac Grand Prix
Pontiac Sunfire
Pontiac Transport
Prizm
Saturn SC
Saturn SL
HONDA:
Accord
Civic
Passport
MAZDA:
626
B2000
MX6
MITSUBISHI:
Eclipse
Gallant
NISSAN:
Altima
King Cab Pick-up Truck
Quest
Sentra
TOYOTA:
Avalon
Camry
Corolla
Tacoma Pick-up Truck

MEXICO

BMW:
3 Series
CHRYSLER:
Chrysler Cirrus
Dodge Neon
Dodge Ram
JX Convertible
Plymouth Neon

FORD:
Ford Contour
Ford Escort
Ford F-Series
Ford Ghia
Mercury Mystique
Mercury Tracer
GENERAL MOTORS:
Chevrolet Cavalier
Chevrolet C/K Pick-up Truck
Chevrolet Tahoe/GMC Yukon

GENERAL MOTORS (CONT.):
Opel Corsa
Pontiac Sunfire
NISSAN:
Pick-up
Tsuru
VOLKSWAGEN:
Golf
Jetta
Derby
GPA Minivan

EUROPE

ALFA ROMEO:
Alfa 145/146
Alfa 155
Alfa 164
Coupe
Spider
AUDI:
A Series
B Series
BMW:
3 Series
5 Series
CHRYSLER:
Voyager Eurostar
DINA:
Heavy Truck
FIAT:
126
500
Barchetta
Brava/Bravo
Coupe 500
Croma
Ducato X230
Punto
Tempra
Tipo
Uno
FORD:
Escort
Fiesta
Mondeo
Scorpio
OPEL:
Astra
Corsa/Van
Omega
Vectra
HONDA:
Accord
Civic
JAGUAR:
XK8
X300
X330
MAN:
Heavy Truck
LANCIA:
Dedra
Delta
Kappa
Thema
Y11
MERCEDES:
200 Series
C-Class
E-Class
S-Class
PORSCHE:
911
986 Boxster
RENAULT:
Cabrio
ROVER:
200/New 400
ROVER (CONT):
400/Saloon
600
800
Discovery
Land Rover
Maestro
Metro
MGA
Mini
R3
Range Rover
SAAB:
Saab 900
Saab 900 Cabriolet
Saab 9000
TOYOTA:
Carina
Corolla
VOLVO:
800 Series
900 Series
VOLKSWAGEN:
Golf
Passat
Taro
Transit
Transporter T4
T-4 Multivan
Viento

OTHER

FIAT (SOUTH AMERICA):
Brava/Bravo
Duno
Fiorino
Palio
Tempra
Tipo
Uno
FORD (ARGENTINA):
Ranger
GENERAL MOTORS --
HOLDEN (AUSTRALIA):
Acclaim
Berlina
Caprice
Commodore
Statesman
OPEL (INDONESIA):
S-10 Blazer
BMW (SOUTH AFRICA):
3 Series
PEUGEOT (ARGENTINA):
306
405
504
VOLKSWAGEN (SOUTH AMERICA):
Combi
Gol
Polo
Saveiro
VOLVO (THAILAND):
800 Series
900 Series

Because of the economic benefits inherent in outsourcing to suppliers such as Lear and the costs associated with reversing a decision to purchase seat systems and other interior systems and components from an outside supplier, the Company believes that automotive manufacturers' level of commitment to purchasing seating and other interior systems and components from outside suppliers, particularly on a JIT basis, will increase. However, under the contracts currently in effect in the United States and Canada between each of General Motors, Ford and Chrysler with the UAW and the CAW, in order for any of such manufacturers to

obtain components that it currently produces itself from external sources, it must first notify the UAW or the CAW of such intention. If the UAW or the CAW objects to the proposed outsourcing, some agreement will have to be reached between the UAW or the CAW and the OEM. Factors that will normally be taken into account by the UAW, the CAW and the OEM include whether the proposed new supplier is technologically more advanced than the OEM, whether cost benefits exist and whether the OEM will be able to reassign union members whose jobs are being displaced to other jobs within the same factories. As part of its long-term agreement with General Motors, the Company operates its Grand Rapids, Michigan, Rochester Hills, Michigan, Wentzville, Missouri and Lordstown, Ohio facilities with General Motors employees and reimburses General Motors for the wages of such employees on the basis of the Company's employee wage structure. The Company enters into these arrangements to enhance its relationship with its customers.

The collective bargaining agreements between the UAW and the CAW and each of General Motors, Ford and Chrysler expire in September 1996 and are presently being renegotiated. Among other things, wage, benefit and outsourcing levels are anticipated to be issues in such negotiations. There can be no assurance as to the outcome of such negotiations.

The Company's contracts with its major customers generally provide for an annual productivity price reduction and, in some cases, provide for the recovery of increases in material and labor costs. Cost reduction through design changes, increased productivity and similar programs with the Company's suppliers have generally offset changes in selling prices. The Company's cost structure is comprised of a high percentage of variable costs. The Company believes that this structure provides it with additional flexibility during economic cycles.

MARKETING AND SALES

Lear markets its products by maintaining strong relationships with its customers fostered during its 79-year history through extensive technical and product development capabilities, reliable delivery of high quality products, strong customer service, innovative new products and a competitive cost structure. Close personal communications with automobile manufacturers are an integral part of the Company's marketing strategy. Recognizing this, the Company is organized into seven independent divisions, each with the ability to focus on its own customers and programs and each having complete responsibility for the product, from design to installation. By moving the decision-making process closer to the customer, and instilling a philosophy of "cooperative autonomy," the Company is more responsive to, and has strengthened its relationships with, its customers. Automobile manufacturers have increasingly reduced the number of their suppliers as part of a strategy of purchasing systems rather than individual components. This process favors suppliers like Lear with established ties to OEMs and the demonstrated ability to adapt to the new competitive environment in the automotive industry.

The Company's sales are originated almost entirely by its sales staff. This marketing effort is augmented by design and manufacturing engineers who work closely with automobile manufacturers from the preliminary design to the manufacture and supply of interior systems or components. Manufacturers have increasingly looked to suppliers like the Company to assume responsibility for introducing product innovation, shortening the development cycle of new models, decreasing tooling investment and labor costs, reducing the number of costly design changes in the early phases of production and improving interior comfort and functionality. Once the Company is engaged to develop the design for the interior system or component of a specific vehicle model, it is also generally engaged to supply these items when the vehicle goes into production. The Company has devoted substantial resources toward improving its engineering and technical capabilities and developing technical centers in the United States and in Europe. The Company has also developed full-scope engineering capabilities, including all aspects of safety and functional testing, acoustics testing and comfort assessment. In addition, the Company has established several engineering sites in close proximity to its OEM customers to enhance customer relationships and design activity. Finally, the Company has implemented a program of dedicated teams consisting of interior trim and seat system personnel who are able to meet all of a customer's interior needs. These teams provide a single interface for Lear's customers and avoid duplication of sales and engineering efforts.

TECHNOLOGY

The Company conducts advanced product design development at its technical centers in Southfield, Michigan, Rochester Hills, Michigan, Plymouth, Michigan and Turin, Italy and at 16 worldwide product engineering centers. At these centers, the Company tests its products to determine compliance with applicable safety standards, the products' quality and durability, response to environmental conditions and user wear and tear. The Company also has state-of-the-art acoustics testing, instrumentation and data analysis capabilities.

The Company has and will continue to dedicate resources to research and development to maintain its position as a leading developer of technology in the automotive interior industry. Research and development costs incurred in connection with the development of new products and manufacturing methods, to the extent not recoverable from the customer, are charged to operations as incurred. Such costs amounted to approximately $53.3 million, $21.9 million, and $16.2 million for the years ended December 31, 1995, 1994 and 1993.

In the past, the Company has developed a number of designs for innovative seat features which it has patented, including ergonomic features such as adjustable lumbar supports and bolster systems and adjustable thigh supports. In addition, the Company incorporates many convenience, comfort and safety features into its seat designs, including storage armrests, rear seat fold down panels, integrated restraint systems (belt systems integrated into seats), side impact air bags and child restraint seats. The Company has recently invested to further upgrade its CAE and CAD/CAM systems, including three-dimensional color graphics, customer telecommunications and direct interface with customer CAD systems.

Lear uses its patented SureBond(TM) process (the patent for which has approximately 8 years remaining) in bonding seat cover materials to the foam pads used in certain of its seats. The SureBond(TM) process is used to bond a pre-shaped cover to the underlying foam to minimize the need for sewing and achieve new seating shapes, such as concave shapes, which were previously difficult to manufacture.

Through its AI Division, the Company has virtually all technologies and manufacturing processes available for interior trim and under-the-hood applications. The manufacturing processes include, among other things, high and low pressure injection molding, vacuum forming, blow molding, soft foam molding, heat staking, water jet cutting, vibration welding, ultrasonic welding, and robotic painting. This wide range of capabilities allows the Company to assist its customers in selecting the technologies that are the most cost effective for each application. Combined with its design and engineering capabilities and its state-of-the-art technical center, AI provides comprehensive support to its OEM customers from product development to production.

The Masland Acquisition also provides the Company with access to leading-edge technology. The Masland Division owns one of the few proprietary-design dynamometers capable of precision acoustics testing of front, rear and four-wheel drive vehicles. Together with its custom-designed reverberation room, computer-controlled data acquisition and analysis capabilities provide precisely controlled laboratory testing conditions for sophisticated interior and exterior noise, vibration and harshness (NVH) testing of parts, materials and systems, including powertrain, exhaust and suspension components. Through its Masland Division, the Company also owns a 29% interest in PFG, which has patented a process to sew and fold an ultralight fabric into airbags which are 60% lighter than the current airbags used in the automotive industry. As this new airbag fits into a shirt pocket when folded, it is adaptable to side restraint systems (door panels and seats) as well as headliners.

The Company holds a number of mechanical and design patents covering its products and has numerous applications for patents currently pending. In addition, the Company holds several trademarks relating to various manufacturing processes. The Company also licenses its technology to a number of seating manufacturers.

JOINT VENTURES AND MINORITY INTERESTS

The Company pursues attractive joint ventures in order to facilitate the exchange of technical information, expand its product offerings, and broaden its customer base. Several of the Company's recent

acquisitions, including Masland and Automotive Industries, have provided the Company with strategic joint ventures. With the Masland Acquisition, Lear acquired an interest in PFG, Sommer Masland (U.K.) Ltd. and Amtex. Sommer Masland helped to expand Masland's geographical presence in Europe and strengthened its relationship with several existing customers, including Nissan, Peugeot and Saab. The Amtex joint venture established a relationship with Hayashi Telempu Co., Ltd., the joint venture partner and a leading Japanese automotive interior trim supplier. The AI Acquisition included a 40% interest in Industrias Automotrices Summa, S.A. de C.V., as well as a 33% interest in Guildford Kast Plastifol Ltd., both of which produce interior trim parts for automobiles.

The following is a list of the Company's principal joint ventures and minority-owned affiliates:

	LOCATION	PRODUCT	PERCENTAGE OWNERSHIP
Amtex*	U.S.A.	Interior trim	50%
General Seating of America, Inc.	U.S.A.	Seat systems	35
General Seating of Canada, Ltd.	Canada	Seat systems	35
Guildford Kast Plastifol Ltd.	England	Interior trim	33
Industrias Automotrices Summa, S.A. de C.V.	Mexico	Interior trim	40
Industrias Cousin Freres	Spain	Seat components	49
Lear Inespo Comercial, Industrial Ltda.*	Brazil	Seat systems	50
Lear Seating Thailand	Thailand	Seat systems and components	49
Markol Automotiv Yan Sanayi Ve Ticart	Turkey	Seat systems	35
Precision Fabrics Group, Inc.	U.S.A.	Fabrics	29
Probel S.A.	Brazil	Seat components	31
Sommer Masland (U.K.) Ltd.	England	Interior trim	50
Teknoseating S.A.*	Argentina	Seat systems	50

- -------------------------
* Consolidated entities.

COMPETITION

Lear is one of the two primary suppliers in the outsourced North American seat systems market. The Company's main independent competitor is Johnson Controls, Inc., and it competes, to a lesser extent, with Douglas & Lomason Company and Magna International, Inc. The Company's major independent competitors in Europe, besides Johnson Controls, Inc., are Bertrand Faure (headquartered in France) and Keiper Recaro (headquartered in Germany). The Company's primary independent competitors in the other segments of the automotive interior market include Davidson Interior Trim (a division of Textron), UT Automotive (a subsidiary of United Technologies), Prince Corporation, The Becker Group, Collins & Aikman Corp. Automotive Division (a division of Collins & Aikman Corporation), JPS Automotive Products Corporation, a subsidiary of Foamex International, the Magee Carpet Company and a large number of smaller operations. The Company also competes with the OEMs' in-house seat system and automotive interior suppliers. The Company competes on the basis of technical expertise, reliability, quality and price. The Company believes its technical resources, product design capabilities and customer responsiveness are the key factors that allow it to compete successfully in the automotive interior market.

SEASONALITY

Lear's principal operations are directly related to the automotive industry. Consequently, the Company may experience seasonal fluctuation to the extent automotive vehicle production slows, such as in the summer months when plants close for model year changeovers and vacation. Historically, the Company's sales and operating profit have been the strongest in the second and fourth calendar quarters. After giving pro forma effect to the AI and Masland acquisitions, net sales for the year ended December 31, 1995 by calendar quarter broke down as follows: first quarter, 24%; second quarter, 26%; third quarter, 23%; and fourth quarter, 27%.

See Note 18, "Quarterly Financial Data," of the notes to the Company's consolidated financial statements incorporated by reference in this Prospectus.

EMPLOYEES

As of June 1, 1996, after giving pro forma effect to the Masland Acquisition, the Company would have employed approximately 18,700 persons in the United States and Canada, 12,100 in Mexico and 7,900 in Europe. Of these, about 6,200 were salaried employees and the balance were paid on an hourly basis. Approximately 25,500 of the Company's employees are members of unions. The Company has collective bargaining agreements with several unions including: the UAW; the Canadian Auto Workers (the "CAW"); the Textile Workers of Canada; the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America; the International Association of Machinists and Aerospace Workers; and the AFL-CIO. Each of the Company's unionized facilities in the United States and Canada has a separate contract with the union which represents the workers employed there, with each such contract having an expiration date independent of the Company's other labor contracts. The majority of the Company's European and Mexican employees are members of industrial trade union organizations and confederations within their respective countries. The majority of these organizations and confederations operate under national contracts which are not specific to any one employer. The Company has experienced some labor disputes at its plants, none of which has significantly disrupted production or had a materially adverse effect on its operations. The Company has been able to resolve all such labor disputes and believes its relations with its employees are generally good.

LITIGATION

The Company is involved in certain legal actions and claims arising in the ordinary course of business. Management of the Company does not believe that any of the litigation in which the Company is currently engaged, either individually or in the aggregate, will have a material effect on the Company's consolidated financial position or future results of operations.

The Company is subject to various laws, regulations and ordinances which govern activities such as discharges to the air and water, as well as handling and disposal practices for solid and hazardous wastes, and which impose costs and damages associated with spills, disposal or other releases of hazardous substances. The Company believes that it is in substantial compliance with such requirements. Management does not believe that it will incur compliance costs pursuant to such requirements that would have a material adverse effect on the Company's consolidated financial position or future results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company -- Environmental Matters."

The Company has been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), for the cleanup of contamination from hazardous substances at four Superfund sites where liability has not been determined. The Company has also been identified as a PRP at four additional sites. Management believes that the Company is, or may be, responsible for less than one percent, if any, of total costs at the four Superfund sites. Expected liability, if any, at the four additional sites is not material. The Company has set aside reserves which management believes are adequate to cover any such liabilities. Management believes that such matters will not result in liabilities that will have a material adverse effect on the Company's consolidated financial position or future results of operations.

PROPERTIES

The Company's operations are conducted through 131 facilities, including 111 manufacturing facilities, 16 product engineering centers and 4 research and development centers, in 19 countries and one Crown Colony employing approximately 40,000 people worldwide. The Company's management is headquartered in Southfield, Michigan.

The Company's facilities are located in appropriately designed buildings which are kept in good repair with sufficient capacity to handle present volumes. The Company has designed many of its facilities to provide

for efficient JIT manufacturing of its products. No facility is materially underutilized. Of the 131 facilities, 70 are owned and 61 are leased with expiration dates ranging from 1996 through 2005. Management believes substantially all of the Company's property and equipment is in good condition and that it has sufficient capacity to meet its current and expected manufacturing and distribution needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company -- Capital Expenditures."

The following table summarizes the locations of the Company's facilities, including those acquired in connection with the Masland Acquisition:

ARGENTINA	GERMANY	POLAND	UNITED STATES (CONTINUED)
Buenos Aires	Ebersberg	Myslowice	Grand Rapids, MI
	Eisenach	Tychy	Marlette, MI
AUSTRALIA	Gustavsburg		Marshall, MI
Adelaide	Munich	SOUTH AFRICA	Mendon, MI
Brooklyn	Plattling	Brits	Mequon, MI
	Quakenbruck		Midland, MI
AUSTRIA	Rietberg	SPAIN	Plymouth, MI
Koflach		Pamplona	Rochester Hills, MI
	HONG KONG		Romulus, MI
BRAZIL	Wanchai	SWEDEN	Southfield, MI
Belo Horizante		Bengtsfors	Troy, MI
Sao Paolo	INDIA	Trollhattan	Warren, MI
	Holol		Bridgeton, MO
CANADA		THAILAND	Wentzville, MO
Ajax	INDONESIA	Bangkok	Bowling Green, OH
Kitchener	Jakarta		Fremont, OH
Maple		TURKEY	Huron, OH
Mississauga	ITALY	Bursa	Lorain, OH
Oakville	Bruino		Lordstown, OH
St. Thomas	Caivano	UNITED STATES	Sidney, OH
Whitby	Cassino	Manteca, CA	Warren, OH
Woodstock	Grugliasco	Atlanta, GA	Carlisle, PA
	Melfi	West Chicago, IL	Lewistown, PA
ENGLAND	Novara	Frankfort, IN	Duncan, SC
Abington	Orbassano	Greencastle, IN	Morristown, TN
Coventry	Pozzilli	Hammond, IN	El Paso, TX
Lancashire		Louisville, KY	Lebanon, VA
Nottingham	MEXICO	Madisonville, KY	Luray, VA
Tipton	Cuautitlan	Allen Park, MI	Strasburg, VA
Washington	Hermosillo	Clawson, MI	Winchester, VA
	La Cuesta	Dearborn, MI	Janesville, WI
FRANCE	Naucalpan	Detroit, MI	Sheboygan, WI
Meaux	Puebla	Fair Haven, MI	
Paris	Ramos Arizpe	Fenton, MI	
	Rio Bravo	Flint, MI	
	Saltillo		
	San Lorenzo		
	Tlahuac		
	Toluca		

MANAGEMENT

Set forth below is certain information concerning the executive officers of the Company.

NAME	AGE	POSITION	YEARS WITH THE COMPANY, PREDECESSOR OR ACQUIRED COMPANY
Kenneth L. Way.....	57	Chairman of the Board and Chief Executive Officer	30
Robert E. Rossiter.....	50	President, Chief Operating Officer and Director of the Company	25
James H. Vandenberghe....	46	Executive Vice President, Chief Financial Officer and Director of the Company	23
James A. Hollars.....	51	Senior Vice President and President -- BMW Division of the Company	23
Roger Alan Jackson.....	50	Senior Vice President -- Human Resources and Corporate Relations	1
Robert Lawrie.....	51	Senior Vice President -- Global Mergers, Acquisitions and Strategic Alliances	--
Frank J. Preston.....	53	Senior Vice President and President -- Masland Division	1
Frederick F. Sommer.....	52	Senior Vice President and President -- Automotive Industries Division of the Company	5
Gerald G. Harris.....	62	Vice President and President -- GM Division of the Company	34
Terrence E. O'Rourke.....	49	Vice President and President -- Ford Division of the Company	2
Joseph F. McCarthy.....	52	Vice President, Secretary and General Counsel of the Company	2
Donald J. Stebbins.....	38	Vice President, Treasurer and Assistant Secretary of the Company	4

Set forth below is a description of the business experience of each executive officer of the Company.

Kenneth L. Way. Mr. Way was elected to and has held the position of Chairman of the Board and Chief Executive Officer of the Company since 1988. Prior to this he served as Corporate Vice President, Automotive Group of Lear Siegler, Inc. ("LSI") since October 1984. During the previous six years, Mr. Way was President of LSI's General Seating Division. Prior to this, he was President of LSI's Metal Products Division in Detroit for three years. Other positions held by Mr. Way during his 30 years at Lear include Manufacturing Manager of the Metal Products Division and Manager of Production Control for the Automotive Division in Detroit. Mr. Way also serves as a director of Hayes Wheels International, Inc.

Robert E. Rossiter. Mr. Rossiter became President of the Company in 1984 and a Director and the Chief Operating Officer of the Company in 1988. He joined LSI in 1971 in the Material Control Department of the Automotive Division, then joined the Metal Products Division of LSI as Production Control Manager, and subsequently moved into sales and sales management. In 1979, he joined the General Seating Division as Vice President of Sales and worked in that position, as well as Vice President of Operations, until 1984.

James H. Vandenberghe. Mr. Vandenberghe is currently Executive Vice President, Chief Financial Officer and Director of the Company. He was appointed Executive Vice President of the Company in 1993 and became a director in November 1995. Mr. Vandenberghe also served as a director of the Company from 1988 until the merger of Lear Holdings Corporation ("Holdings"), Lear's former parent, into Lear. Mr. Vandenberghe previously served as Senior Vice President - -- Finance, Secretary and Chief Financial Officer of the Company since 1988.

James A. Hollars. Mr. Hollars is currently Senior Vice President and President -- BMW Division of the Company. He was appointed to this position in November 1995. Prior to serving in this position, he was Senior Vice President and President -- International Operations of the Company since November 1994. Previously he served as Senior Vice President -- International Operations of the Company since 1993 and Vice President -- International since the sale of LSI's Power Equipment Division to Lucas Industries in 1988.

Mr. Hollars joined LSI's Metal Products Division in 1973 as the Manufacturing Manager and later served as Vice President -- Manufacturing for No-Sag Spring Division. In 1979, he was named President of the Foam Products Division and was subsequently promoted to President at the Anchorlok Division in 1985 and the Power Equipment Division in 1986.

Roger Alan Jackson. Mr. Jackson was elected Senior Vice President -- Human Resources and Corporate Relations in October 1995. Previously, he served as Vice President -- Human Resources for Allen Bradley, a wholly-owned subsidiary of Rockwell International. Mr. Jackson was employed by Rockwell International or its subsidiaries from December 1977 to September 1995.

Robert Lawrie. Mr. Lawrie was elected Senior Vice President -- Global Mergers, Acquisitions and Strategic Alliances in June 1996. Prior to joining the Company, Mr. Lawrie served as Vice President and Special Counsel to the Chairman of Magna International Inc. since July 1992. Prior to his tenure with Magna International, Inc., Mr. Lawrie held positions as an International Consultant to Consolidated Hydro Inc. in 1992 and as Senior Vice President, General Counsel and Secretary of Abitibi-Price Inc., an international paper manufacturer, from January 1991 to July 1992. From 1988 to 1991, Mr. Lawrie was the managing partner of the Los Angeles office of Broad Schulz Larson & Wineberg, a law firm.

Frank J. Preston. Dr. Preston was elected Senior Vice President and President -- Masland Division of the Company upon consummation of the Masland Acquisition. Prior to the Masland Acquisition, he served as President of Masland since January 1995 and Chief Executive Officer of Masland since January 1996. During 1995, Dr. Preston also served as Chief Operating Officer of Masland. Prior to joining Masland, Dr. Preston held various positions with Textron, most recently President of Textron Automotive Interiors.

Frederick F. Sommer. Mr. Sommer was elected Senior Vice President and President -- Automotive Industries Division of the Company upon consummation of the AI Acquisition. Prior to the AI Acquisition, he served as President of AI since November 1991 and Chief Executive Officer of AI since May 1994. From March 1992 to May 1994, Mr. Sommer served as Chief Operating Officer of AI. Mr. Sommer also served as Executive Vice President of AI from October 1990 until November 1991. Prior thereto, he served as Vice President -- Manufacturing and Purchasing of the U.S. subsidiary of Nissan from January 1987 until October 1990.

Gerald G. Harris. Mr. Harris was elected Vice President and President -- GM Division of the Company since November 1994. Mr. Harris previously served as Vice President and General Manager -- GM Operations since March 1994. Previously Mr. Harris served as Director -- Ford Business Unit from March 1992 to March 1994, Director of Sales from August 1990 to March 1992 and Sales Manager from January 1989 to August 1990. Prior to 1989, Mr. Harris held various managerial positions with the Company.

Terrence E. O'Rourke. Mr. O'Rourke was elected Vice President and President - -- Ford Division of the Company in November 1995. Prior to serving in this position, he was Vice President and President -- Chrysler Division of the Company since November 1994. Previously, Mr. O'Rourke served as Director -- Strategic Planning since October 1994. Prior to joining Lear, Mr. O'Rourke was employed by Ford Motor Company as Supply Manager -- Climate Control Department from 1992 and Procurement Operations Manager from 1988.

Joseph F. McCarthy. Mr. McCarthy was elected Vice President, Secretary and General Counsel of the Company in April 1994. Prior to joining the Company, Mr. McCarthy served as Vice President -- Legal and Secretary for both Hayes Wheels International, Inc. and Kelsey-Hayes Company. Prior to joining Hayes Wheels International, Inc. and Kelsey-Hayes Company, Mr. McCarthy was a partner in the law firm of Kreckman & McCarthy from 1973 to 1983.

Donald J. Stebbins. Mr. Stebbins is currently Vice President, Treasurer and Assistant Secretary of the Company. He joined the Company in June 1992 from Bankers Trust Company, New York where he was a Vice President for four years. Prior to his tenure at Bankers Trust Company, he held positions at Citibank, N.A. and The First National Bank of Chicago.

DESCRIPTION OF THE NOTES

The Notes will be issued under an Indenture dated as of , 1996 (the "Indenture"), among the Company, as issuer, and The Bank of New York, as trustee (the "Trustee").

The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), as in effect on the date of the Indenture. The Notes are subject to all such terms, and holders of the Notes are referred to the Indenture and the Trust Indenture Act for a statement thereof.

The following summary of certain provisions of the Indenture does not purport to be complete and is qualified in its entirety by reference to the Indenture, including the definitions thereof of certain terms used below. A copy of the Indenture and a specimen of the Note have been filed as exhibits to the Registration Statement of which this Prospectus is a part. Capitalized terms used herein and not otherwise defined, have the meanings assigned in the Indenture.

GENERAL

The Notes are direct obligations of the Company, and will be issued in denominations of $1,000 and integral multiples thereof. The Indenture authorizes the issuance of $200,000,000 aggregate principal amount of Notes. As described below under "Subordination," the Notes are subordinated in right of payment to Senior Indebtedness of the Company. The Notes will be pari passu with the Subordinated Notes.

As of March 30, 1996, the aggregate amount of Senior Indebtedness of the Company (including its obligations under the Senior Subordinated Notes and amounts outstanding under the Credit Agreements (as defined in this Prospectus)) would have been approximately $899.7 million, as adjusted to give effect to the Pro Forma Transactions. In addition, certain of the Company's subsidiaries have outstanding indebtedness and may incur indebtedness in the future. Holders of such indebtedness will have a claim against the assets of such subsidiaries that will rank prior to the claims of the holders of the Notes. As of March 30, 1996, the aggregate indebtedness of such subsidiaries for money borrowed would have been approximately $46.6 million.

The Notes will bear interest at the rate per annum shown on the cover page of this Prospectus, payable semi-annually on and in each year to holders of record of the Notes at the close of business on the immediately preceding and , respectively. The first interest payment date is , . Interest is computed on the basis of a 360-day year of twelve 30-day months. The Notes mature on , 2006.

Principal and interest on the Notes are payable, and the Notes are transferable, initially at the offices of the Trustee in New York, New York. Holders must surrender the Notes to the Paying Agent in order to collect principal payments. Interest on the Notes may be paid by check mailed to the registered holders of the Notes. The Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with certain transfers or exchanges. Initially, the Trustee will act as Paying Agent and Registrar under the Indenture. The Company or any of its Affiliates may act as Paying Agent and Registrar, and the Company may change the Paying Agent or Registrar without prior notice to holders.

OPTIONAL REDEMPTION

The Notes may not be redeemed prior to , 2001. On or after such date, the Company may, at its option, redeem the Notes in whole or in part, from time to time, at the following redemption prices (expressed in percentages of the principal amount thereof), in each case together with accrued interest, if any, to the date of redemption.

If redeemed during the 12-month period commencing :

YEAR	PERCENTAGE
, 2001	%
, 2002	%
, 2003	%
and thereafter	100%

The Credit Agreements (as defined in this Prospectus), the Senior Subordinated Notes and the Subordinated Notes contain provisions that limit the Company's ability to optionally redeem the Notes.

MANDATORY REDEMPTION

The Notes are not subject to mandatory redemption prior to maturity.

SUBORDINATION

The Indebtedness evidenced by the Notes is subordinated to the prior payment, when due, of all Senior Indebtedness (including the Senior Subordinated Notes) of the Company but will rank senior to the Indebtedness of the Company expressly subordinated to the Notes. The Notes will be pari passu with the Subordinated Notes.

Upon any payment or distribution of assets or securities of the Company due to any dissolution, winding up, total or partial liquidation or reorganization of the Company or in bankruptcy, insolvency, receivership, or other proceedings, the payment of the principal of and interest on the Notes will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. Upon a default in the payment of any Obligations with respect to Senior Indebtedness or upon the acceleration of the maturity of Senior Indebtedness or while any judicial proceeding is pending with respect to a default on Senior Indebtedness (of which the Trustee has received written notice), no payment may be made upon or in respect of the Notes until such default shall have been cured or waived. In addition, during the continuance of any other event of default with respect to (i) the Senior Credit Agreements pursuant to which the maturity thereof may be accelerated, upon (a) receipt by the Trustee of written notice from the Agent Bank (or any Representative of any Senior Indebtedness under any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements so long as amounts outstanding under such agreement are in excess of $50,000,000) or (b) if such event of default results from the acceleration of the Notes, on the date of such acceleration, no such payment may be made by the Company upon or in respect of the Notes for a period ("Payment Blockage Period") commencing on the earlier of the date of receipt of such notice or the date of such acceleration and ending 119 days thereafter (unless such Payment Blockage Period shall be terminated by written notice to the Trustee from the Agent Bank and any Representative of any Senior Indebtedness under any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements so long as amounts outstanding under such agreement are in excess of $50,000,000) or (ii) any other Specified Senior Indebtedness, upon receipt by the Company of written notice from the Representative for the holders of such Specified Senior Indebtedness, no such payment may be made by the Company upon or with respect to the Notes for a Payment Blockage Period commencing on the date of the receipt of such notice and ending 119 days thereafter (unless such Payment Blockage Period shall be terminated by written notice to the Company from such Representative commencing such Payment Blockage Period). In no event will any one Payment Blockage Period extend beyond 179 days from the date the payment on the Notes was due. Not more than one Payment Blockage Period may be commenced with respect to the Notes during any period of 360 consecutive days; provided that as long as amounts outstanding under the Senior Credit Agreements or any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements are in excess of $50,000,000, the commencement of a Payment Blockage Period by the holders of the Specified Senior Indebtedness other than the Senior Credit Agreements shall not bar the commencement of a Payment Blockage Period by the Agent Bank within such period of 360 days. No event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Specified Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis for the commencement of a second Payment

Blockage Period by the Representative of such Specified Senior Indebtedness whether or not within a period of 360 consecutive days unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days.

If payments with respect to both the Notes and Senior Indebtedness become due on the same day, then all obligations with respect to such Senior Indebtedness due on that date shall first be paid in full before any payment is made with respect to the Notes.

By reason of the subordination provisions described above, in the event of the Company's insolvency, liquidation, reorganization, dissolution or other winding-up, funds which would otherwise be payable to holders of Notes will be paid to the holders of Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full. The Indenture limits the amount of additional Senior Indebtedness which the Company can create, incur, assume or guarantee. See "Limitation on Indebtedness."

CERTAIN DEFINITIONS

"Acquired Indebtedness" means, with respect to the Company, Indebtedness of a person existing at the time such person becomes a Restricted Subsidiary of the Company or assumed in connection with the acquisition by the Company or a Restricted Subsidiary of the Company of assets from such person, which assets constitute all of an operating unit of such person, and not incurred in connection with, or in contemplation of, such person becoming a subsidiary of the Company or such acquisition.

"Affiliate" means, when used with reference to the Company or another person, any person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company or such other person, as the case may be. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of management or policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing. Notwithstanding the foregoing, the term "Affiliate" shall not include any wholly-owned subsidiary of the Company other than an Unrestricted Subsidiary.

"Agent Bank" means Chemical Bank and/or its Affiliates together with any bank which is or becomes a party to the Senior Credit Agreements or any successor to Chemical Bank and/or its Affiliates, and any other Agent Bank under the Senior Credit Agreements.

"Asset Sale" means any sale exceeding $10,000,000, or any series of sales in related transactions exceeding $10,000,000 in the aggregate, by the Company or any Restricted Subsidiary of the Company, directly or indirectly, of properties or assets other than in the ordinary course of business, including capital stock of a Restricted Subsidiary of the Company, except for (i) the sale of receivables by the Company or any subsidiary of the Company in the ordinary course of business of the Company or any of its subsidiaries, or the transfer of receivables to a special-purpose subsidiary of the Company and the issuance by such special-purpose subsidiary, on a basis which is non-recourse (except for representations as to the status or eligibility of such receivables or to the limited extent described in clause (ix)(B) of the definition of "Permitted Indebtedness") to the Company or any other subsidiary of the Company (other than an Unrestricted Subsidiary), of securities secured by such receivables (a "Qualified Receivables Program"), and (ii) any sale-and-lease-back transaction involving a Capitalized Lease Obligation permitted under the provisions described under "Limitation on Indebtedness."

"Automotive Interior Business" means the production, design, development, manufacture, marketing or sale of seat systems, interior systems and components, vehicle interiors or components or any related businesses.

"average weighted life" means, as of the date of determination, with reference to any debt security, the quotient obtained by dividing (i) the sum of the products of the number of years from the date of determination to the dates of each successive scheduled principal payment of such debt security multiplied by the amount of such principal payment by (ii) the sum of all such principal payments.

"Capitalized Lease Obligation" means any lease obligation of a person incurred with respect to any property (whether real, personal or mixed) acquired or leased by such person and used in its business that is accounted for as a capital lease on the balance sheet of such person in accordance with GAAP.

"Cash Equivalents" means (A) any evidence of Indebtedness maturing, or otherwise payable without penalty, not more than 365 days after the date of acquisition issued by the United States of America or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (B) any certificate of deposit maturing, or otherwise payable without penalty, not more than 365 days after the date of acquisition issued by, or a time deposit of, a commercial banking institution that has combined capital and surplus of not less than $300,000,000, whose debt is rated, at the time as of which any Investment therein is made, "A2" (or higher) according to Moody's or "A" (or higher) according to S&P, (C) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate or subsidiary of the Company) organized and existing under the laws of the United States of America or any jurisdiction thereof, with a rating, at the time as of which any Investment therein is made, of "P-l" (or higher) according to Moody's or "A-l" (or higher) according to S&P, (D) any money market deposit accounts issued or offered by any domestic institution in the business of accepting money market accounts or any commercial bank having capital and surplus in excess of $300,000,000 and (E) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (A) and (B).

"Cash Proceeds" means, with respect to any Asset Sale, cash payments (including any cash received by way of deferred payment pursuant to a note receivable or otherwise, but only as and when so received) received from such Asset Sale.

"Change of Control" means an event or series of events by which (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) (1) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire without condition, other than the passage of time, whether such right is exercisable immediately or only after the passage of time) of 50% or more of the Voting Stock of the Company, (2) is or becomes a shareholder of the Company with the right to appoint or remove directors of the Company holding 50% or more of the voting rights at meetings of the Board of Directors on all, or substantially all, matters or (3) is or becomes able to exercise the right to give directions with respect to the operating and financial policies of the Company with which the relevant directors are obliged to comply by reason of: (A) provisions contained in the organizational documents of the Company or (B) the existence of any contract permitting such person to exercise control over the Company; (ii) the Company consolidates with, or merges or amalgamates with or into another person or, directly or indirectly, conveys, transfers, or leases all or substantially all of its assets to any person, or any person consolidates with, or merges or amalgamates with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding Voting Stock of the Company is changed into or exchanged for Voting Stock of the surviving corporation which is not redeemable capital stock or (x) such Voting Stock and (y) cash, securities and other property in an amount which could be paid by the Company as a Restricted Payment pursuant to the provisions described under "Limitation on Restricted Payments" (and such amount shall be treated as a Restricted Payment subject to the provisions described under "Limitation on Restricted Payments") and (B) the holders of the Voting Stock of the Company immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the surviving corporation immediately after such transaction; (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or (iv) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the Indenture).

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Common Stock" means the common stock, par value $.01 per share, of the Company.

"Consolidated Adjusted Net Worth" means, with respect to any person, as of any date of determination, the total amount of stockholders' equity of such person and its Restricted Subsidiaries which would appear on the consolidated balance sheet of such person as of the date of determination, less (to the extent otherwise included therein) the following (the amount of such stockholders' equity and deductions therefrom to be computed, except as noted below, in accordance with GAAP): (i) an amount attributable to interests in subsidiaries of such person held by persons other than such person or its Restricted Subsidiaries; (ii) any reevaluation or other write-up in book value of assets subsequent to December 31, 1995, other than upon the acquisition of assets acquired in a transaction to be accounted for by purchase accounting under GAAP made within twelve months after the acquisition of such assets; (iii) treasury stock; (iv) an amount equal to the excess, if any, of the amount reflected for the securities of any person which is not a subsidiary over the lesser of cost or market value (as determined in good faith by the Board of Directors) of such securities; and (v) Disqualified Stock of the Company or any Restricted Subsidiary of the Company.

"Consolidated Amortization Expense" means for any person, for any period, the amortization of goodwill and other intangible items of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Cash Flow Available for Interest Expense" means, for any person and the Company, the sum of the aggregate amount, for the four fiscal quarters for which financial information in respect thereof is available immediately prior to the date of the transaction giving rise to the need to calculate the Consolidated Cash Flow Available for Interest Expense (the "Transaction Date"), of (i) Consolidated Net Income (Loss) of such person, (ii) Consolidated Income Tax Expense, (iii) Consolidated Depreciation Expense, (iv) Consolidated Amortization Expense, (v) Consolidated Interest Expense and (vi) other noncash items reducing Consolidated Net Income (Loss), minus non-cash items increasing Consolidated Net Income (Loss). Consolidated Cash Flow Available for Interest Expense for any period shall be adjusted to give pro forma effect (to the extent applicable) to (i) each acquisition by the Company or a Restricted Subsidiary of the Company during such period up to and including the Transaction Date (the "Reference Period") in any person which, as a result of such acquisition, becomes a Restricted Subsidiary of the Company, or the acquisition of assets from any person which constitutes substantially all of an operating unit or business of such person and (ii) the sale or other disposition of any assets (including capital stock) of the Company or a Restricted Subsidiary of the Company, other than in the ordinary course of business, during the Reference Period, as if such acquisition or sale or disposition of assets by the Company or a Restricted Subsidiary of the Company occurred on the first day of the Reference Period.

"Consolidated Depreciation Expense" means for any person, for any period, the depreciation expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Income Tax Expense" means, for any person, for any period, the aggregate of the income tax expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, for any person, for any period, the sum of (a) the Interest Expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis, (b) dividends in respect of preferred or preference stock of a Restricted Subsidiary of the Company held by persons other than the Company or a wholly owned Restricted Subsidiary of the Company and (c) interest incurred during the period and capitalized by the Company and its Restricted Subsidiaries on a consolidated basis in accordance with GAAP. For purposes of clause (b) of the preceding sentence, dividends will be deemed to be an amount equal to the actual dividends paid divided by one minus the applicable actual combined Federal, state, local and foreign income tax rate of the Company (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Interest Expense.

"Consolidated Interest Expense Coverage Ratio" means, with respect to any person, the ratio of (i) the aggregate amount of the applicable Consolidated Cash Flow Available for Interest Expense of such person to (ii) the aggregate Consolidated Interest Expense which such person shall accrue during the first full fiscal

quarter following the Transaction Date and the three fiscal quarters immediately subsequent to such fiscal quarter, such Consolidated Interest Expense to be calculated on the basis of the amount of such person's Indebtedness (on a consolidated basis) outstanding on the Transaction Date and reasonably anticipated by such person in good faith to be outstanding from time to time during such period.

"Consolidated Net Income (Loss)" means, with respect to any person, for any period, the aggregate of the net income (loss) of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein) (i) the net income (loss) of any person which is not a Restricted Subsidiary of such person and which is accounted for by the equity method of accounting, except to the extent of the amount of cash dividends or distributions paid by such other person to such person or to a Restricted Subsidiary of such person, (ii) the net income (loss) of any person accrued prior to the date on which it is acquired by such person or a Restricted Subsidiary of such person in a pooling of interests transaction, (iii) except for NS Beteiligungs GmbH (a German Foreign Subsidiary) or any successor entity, the net income (loss) of any Restricted Subsidiary of such person to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by that Restricted Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement or instrument (except any agreement or instrument permitted under "Limitation on Payment Restrictions Affecting Subsidiaries"), judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary, in each case determined in accordance with GAAP, (iv) any gain or loss, together with any related provision for taxes in respect of such gain or loss, realized upon the sale or other disposition (including, without limitation, dispositions pursuant to sale-and-lease-back transactions) of any asset or property outside of the ordinary course of business and any gain or loss realized upon the sale or other disposition by such person of any capital stock or marketable securities and (v) any noncash charges incurred by the Company and its Restricted Subsidiaries at any time in connection with SFAS 106.

"Default" means any event which is, or after notice or lapse of time or both would be, an Event of Default.

"Disinterested Director" means, with respect to an Affiliate Transaction or series of related Affiliate Transactions, a member of a Board of Directors who has no financial interest, and whose employer has no financial interest, in such Affiliate Transaction or series of related Affiliate Transactions.

"Disqualified Stock" means any capital stock of the Company or any Restricted Subsidiary of the Company which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the maturity date of the Notes or which is exchangeable or convertible into debt securities of the Company or any Restricted Subsidiary of the Company, except to the extent that such exchange or conversion rights cannot be exercised prior to the maturity of the Notes.

"Foreign Subsidiary" mean any subsidiary of the Company organized and conducting its principal operations outside the United States.

"GAAP" means generally accepted accounting principles on a basis consistently applied, provided that all ratios and calculations contained in the Indenture will be calculated in accordance with generally accepted accounting principles in effect on the date of the Indenture.

"Indebtedness" means (without duplication), with respect to any person, any indebtedness, contingent or otherwise, in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), or evidenced by bonds, notes, debentures or similar instruments or representing the balance deferred and unpaid of the purchase price of any property (except any such balance that constitutes a trade payable in the ordinary course of business that is not overdue by more than 120 days or is being contested in good faith), if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such person prepared on a consolidated basis in accordance with GAAP, and shall also include letters of credit, Obligations with respect to Swap Obligations, any Capitalized

Lease Obligation, the maximum fixed repurchase price of any Disqualified Stock, Obligations secured by a Lien to which any property or asset, including leasehold interests under Capitalized Lease Obligations and any other tangible or intangible property rights, owned by such person is subject, whether or not the Obligations secured thereby shall have been assumed (provided that, if the Obligations have not been assumed, such Obligations shall be deemed to be in an amount not to exceed the fair market value of the property or properties to which the Lien relates, as determined in good faith by the Board of Directors of such person and as evidenced by a Board Resolution), and guarantees of items which would be included within this definition (regardless of whether such items would appear upon such balance sheet; provided that for the purpose of computing the amount of Indebtedness outstanding at any time, such items shall be excluded to the extent that they would be eliminated as intercompany items in consolidation). For purposes of the preceding sentence, the maximum fixed repurchase price of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were repurchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock (or any equity security for which it may be exchanged or converted), such fair market value shall be determined in good faith by the Board of Directors of such person.

"Interest Expense" means for any person, for any period, the aggregate amount of interest in respect of Indebtedness (including all fees and charges owed with respect to letters of credit and bankers' acceptance financing and the net costs associated with Interest Swap Obligations and all but the principal component of rentals in respect of Capitalized Lease Obligations) incurred or scheduled to be incurred by such person during such period, all as determined in accordance with GAAP, except that non-cash amortization or writeoff of deferred financing fees and expenses will not be included in the calculation of Interest Expense. For purposes of this definition, (a) interest on Indebtedness determined on a fluctuating basis for periods succeeding the date of determination will be deemed to accrue at a rate equal to the rate of interest on such Indebtedness in effect on the last day of the fiscal quarter immediately preceding the date of determination and (b) interest on a Capitalized Lease Obligation will be deemed to accrue at an interest rate reasonably determined in good faith by an officer of such person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board).

"Investment" by any person means (i) all investments by such person in any other person in the form of loans, advances or capital contributions, (ii) all guarantees of Indebtedness or other obligations of any other person by such person, (iii) all purchases (or other acquisitions for consideration) by such person of Indebtedness, capital stock or other securities of any other person; (iv) all other items that would be classified as investments (including, without limitation, purchases outside the ordinary course of business) on a balance sheet of such person prepared in accordance with GAAP or (v) the designation of any Restricted Subsidiary of the Company as an Unrestricted Subsidiary as provided under "Unrestricted Subsidiaries." For purposes of this definition and the provisions described under "Unrestricted Subsidiaries" and "Limitation on Restricted Payments" (i) with respect to a Restricted Subsidiary that is designated as an Unrestricted Subsidiary, "Investment" will mean the portion (proportionate to the Company's equity interest in such subsidiary) of the net book value of the stockholders' equity of such subsidiary at the time that such subsidiary is designated as an Unrestricted Subsidiary plus, without duplication, all other outstanding Investments made by the Company in that Restricted Subsidiary; (ii) with respect to a person that is designated as an Unrestricted Subsidiary simultaneously with its becoming a subsidiary of the Company, "Investment" will mean the Investment made by the Company and its Restricted Subsidiaries to acquire such subsidiary plus, without duplication, all other outstanding Investments made by the Company in such person; and (iii) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"Investment Grade" is defined as BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's.

"Letters of Credit" means the letters of credit under the Senior Credit Agreements.

"Lien" means any lien, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement or any lease creating a Capitalized Lease Obligation).

"Moody's" means Moody's Investor Services, Inc. or if Moody's ceases to make a rating of the Notes publicly available, a nationally recognized securities rating agency selected by the Company.

"Net Cash Proceeds" means, with respect to any Asset Sale, the Cash Proceeds of such Asset Sale net of fees, commissions, expenses and other costs of sale (including payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness which is either secured by a Lien on the stock or other assets sold or can be or is accelerated by such sale), taxes paid or payable as a result thereof, and any amount required to be paid to any person (other than the Company or any of its subsidiaries) owning a beneficial interest in the stock or other assets sold, provided that when any noncash consideration for an Asset Sale is converted into cash, such cash shall then constitute Net Cash Proceeds.

"Obligation" means any principal, interest, premium, penalties, fees and any other liabilities payable under the documentation governing any Indebtedness.

"Permitted Indebtedness" means: (i) Indebtedness of the Company pursuant to its Obligations under, or Indebtedness of any Restricted Subsidiary of the Company under, the Senior Credit Agreements; provided that in no event shall the aggregate amount of Indebtedness permitted to be outstanding at any one time pursuant to this clause (i) exceed $1,800,000,000 (less any amounts permanently repaid under the Senior Credit Agreements but without deducting payments under the revolving credit facilities and the swing line facility of the Senior Credit Agreements unless the commitments thereunder have been permanently reduced); (ii) Indebtedness represented by guarantees of Indebtedness which is permitted by the provisions described under "Limitation on Indebtedness;" (iii) Indebtedness evidenced by the Notes; (iv) Indebtedness evidenced by the Senior Subordinated Notes and the Subordinated Notes; (v) Indebtedness of the Company to any Restricted Subsidiary of the Company and Indebtedness of any Restricted Subsidiary of the Company to the Company or another Restricted Subsidiary of the Company, provided that the Company or such Restricted Subsidiary shall not become liable to any person other than the Company or a Restricted Subsidiary of the Company with respect thereto; (vi) Indebtedness of the Company or any Restricted Subsidiary of the Company represented by Swap Obligations, provided that such Swap Obligations are related to payment Obligations on Indebtedness otherwise permitted by the provisions described under "Limitation on Indebtedness" and will not result in an increase in the principal amount of the underlying outstanding Indebtedness or are used for the hedging of foreign currency translation risk in the ordinary course; (vii) Indebtedness of the Company and its Restricted Subsidiaries, and any undrawn amounts, under legally binding revolving credit or standby credit facilities existing on the date of the Indenture and Refinancing Indebtedness in respect of such Indebtedness or amounts; (viii) Indebtedness of any Foreign Subsidiary that is a Restricted Subsidiary to the extent that the aggregate principal amount of the Indebtedness being incurred, together with all other outstanding Indebtedness of such Foreign Subsidiary incurred pursuant to this clause (viii), does not exceed an amount equal to the sum of (x) 80% of the consolidated book value of the accounts receivable of such Foreign Subsidiary and (y) 60% of the consolidated book value of the inventories of such Foreign Subsidiary; (ix) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of guarantees of receivables originated by the Company or any of its Restricted Subsidiaries and sold to other persons to the extent that (A) the sale of such receivables does not constitute an Asset Sale and (B) such guarantees are in respect of warranties granted by the Company or a Restricted Subsidiary on the products giving rise to such receivables and such guarantees are not in respect of any other aspect of such receivables, including the capacity of any customer to meet its obligations under such receivables; (x) Indebtedness of the Company and its Restricted Subsidiaries in respect of guarantees of Indebtedness of less than majority owned persons, provided that in no event will Indebtedness permitted pursuant to this clause (x) exceed $5,000,000; (xi) other Indebtedness of the Company and of any Restricted Subsidiary of the Company, provided that in no event shall the aggregate amount of Indebtedness of the Company and of Restricted Subsidiaries of the Company permitted to be outstanding pursuant to this clause (xi) at any one time exceed $50,000,000; and (xii) Indebtedness of special-purpose subsidiaries of the Company in respect of securities secured by receivables transferred to such special-purpose subsidiaries by the Company or a Restricted Subsidiary of the Company, provided that (A) the transfer of such receivables does not constitute an Asset Sale, (B) such

special-purpose subsidiaries engage in no activities other than the purchase of such receivables and the issuance of such securities, and (C) such securities are non-recourse to the Company or any other Restricted Subsidiary of the Company (except for representations as to the status or eligibility of such receivables or to the limited extent described in clause (ix)(B) above in this definition).

"Permitted Liens" means (i) Liens for taxes, assessments, governmental charges or claims which are being contested in good faith by appropriate proceedings, promptly instituted and diligently conducted and, if a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor; (ii) statutory Liens of landlords and carriers', warehousemen's, mechanics', suppliers', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate process of law, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor; (iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (iv) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other Obligations of like nature incurred in the ordinary course of business (exclusive of Obligations for the payment of borrowed money); (v) easements, rights-of-way, restrictions, zoning provisions and other governmental restrictions and other similar charges or encumbrances not interfering in any material respect with the business of the Company or any of its subsidiaries; (vi) judgment Liens not giving rise to a Default or Event of Default; (vii) leases or subleases granted to others not interfering in any material respect with the business of the Company or any of its subsidiaries; (viii) Liens encumbering customary initial deposits and margin deposits, and other Liens incurred in the ordinary course of business and which are within the general parameters customary in the industry, in each case securing Indebtedness under Swap Obligations; (ix) any interest or title of a lessor in the property subject to any Capitalized Lease Obligation or operating lease or any Lien granted by a lessor on such property which does not interfere in any material respect with the business of the Company and its Restricted Subsidiaries; (x) Liens arising from filing UCC financing statements regarding leases; (xi) Liens securing reimbursement Obligations with respect to Commercial Letters of Credit which encumber documents and other property relating to such Commercial Letters of Credit and the products and proceeds thereof; (xii) other Liens existing on the date of the Indenture; (xiii) other Liens to secure Obligations not in excess of $1,000,000 in the aggregate at any time outstanding, except to secure Indebtedness; (xiv) Liens on accounts receivable and any assets related thereto granted in connection with a Qualified Receivables Program; and (xv) Liens securing Indebtedness permitted pursuant to clauses (i), (vi), (vii), (viii), (xi) and (xii) of the definition of "Permitted Indebtedness".

"principal" of a debt security means the principal of the security plus, if such security has been called for redemption, the premium, if any, payable on such security upon redemption of such security.

"Rating Decline" means the occurrence of the following on, or within 90 days after, the date of public notice of the occurrence of a Change of Control or of the intention of the Company to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrading by either Moody's or S&P): (i) in the event that the Notes are rated by either Moody's or S&P prior to the date of such public notice as Investment Grade, the rating of the Notes by both such rating agencies shall be decreased to below Investment Grade or (ii) in the event the Notes are rated below Investment Grade by both such rating agencies prior to the date of such public notice, the rating of the Notes by either rating agency shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

"Refinancing Indebtedness" means Indebtedness of the Company or its Restricted Subsidiaries, the net proceeds of which (after customary fees, expenses and costs related to the incurrence of such Indebtedness) are applied to repay, refund, prepay, repurchase, redeem, defease, retire or refinance (collectively, "refinance") outstanding Indebtedness permitted to be incurred under the terms of the Indenture; provided that Refinancing Indebtedness that refinances any Permitted Indebtedness will be deemed to be incurred and to be outstanding under the relevant clause in the definition of "Permitted Indebtedness"; and provided further that (A) the original issue amount of the Refinancing Indebtedness shall not exceed the maximum principal amount, accrued interest and premium, if any, of the Indebtedness to be repaid or, if greater in the case of clause (i) or (vii) of the definition of "Permitted Indebtedness," permitted to be outstanding under the

agreements governing the Indebtedness being refinanced (or if such Indebtedness was issued at an original issue discount, the original issue price plus amortization of the original issue discount at the time of the incurrence of the Refinancing Indebtedness) plus the amount of customary fees, expenses and costs related to the incurrence of such Refinancing Indebtedness, (B) Refinancing Indebtedness incurred by any Restricted Subsidiary of the Company shall not be used to refinance outstanding Indebtedness of the Company (other than Senior Indebtedness) and (C) with respect to any Refinancing Indebtedness which refinances Indebtedness which ranks pari passu or junior in right of payment to the Notes, (1) the Refinancing Indebtedness has an average weighted life which is equal to or greater than the then average weighted life of the Indebtedness being refinanced, (2) if such Indebtedness being refinanced is pari passu in right of payment to the Notes, such Refinancing Indebtedness does not rank senior in right of payment to the payment of principal of and interest on the Notes, and (3) if such Indebtedness being refinanced is subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes to the same extent and on substantially the same terms.

"Restricted Debt Prepayment" means any purchase, redemption, defeasance (including, but not limited to, in substance or legal defeasance) or other acquisition or retirement for value (collectively a "prepayment"), directly or indirectly, by the Company or a Restricted Subsidiary of the Company (other than to the Company or a Restricted Subsidiary of the Company), prior to the scheduled maturity or prior to any scheduled repayment of principal or sinking fund payment in respect of Indebtedness of the Company or such Restricted Subsidiary which would rank subordinate in right of payment to the Notes ("Prepaid Debt"); provided, that (i) any such prepayment of any Prepaid Debt shall not be deemed to be a Restricted Debt Prepayment to the extent such prepayment is made (x) with the proceeds of the substantially concurrent sale (other than to a subsidiary of the Company) of shares of the capital stock (other than Disqualified Stock) of the Company or rights, warrants or options to purchase such capital stock of the Company or (y) in exchange for or with the proceeds from the substantially concurrent issuance of Refinancing Indebtedness and (ii) no Default or Event of Default shall have occurred and be continuing at the time or shall occur as a result of such sale of capital stock or issuance of such Refinancing Indebtedness.

"Restricted Investment" means, with respect to any person, any Investments by such person in any of its Affiliates (other than its Restricted Subsidiaries) or in any person that becomes an Affiliate (unless it becomes a Restricted Subsidiary) as a result of such Investment to the extent that the aggregate amount of all such Investments made after the date of the Indenture, whether or not outstanding, less the amount of cash received by such person upon the disposition or satisfaction of any such Investment exceeds $100,000,000.

"Restricted Payment" means any (i) Restricted Stock Payment, (ii) Restricted Debt Prepayment or (iii) Restricted Investment.

"Restricted Stock Payment" means (i) with respect to the Company, any dividend, either in cash or in property (except dividends payable in Common Stock), on, or the making by the Company of any other distribution in respect of, its capital stock, now or hereafter outstanding, or the redemption, repurchase, retirement or other acquisition for value by the Company or any Restricted Subsidiary of the Company, directly or indirectly, of capital stock of the Company or any warrants, rights (other than exchangeable or convertible Indebtedness of the Company) or options to purchase or acquire shares of any class of the Company's capital stock, now or hereafter outstanding, and (ii) with respect to any subsidiary of the Company, any redemption, repurchase, retirement or other acquisition for value by the Company or a Restricted Subsidiary of the Company of capital stock of such subsidiary or any warrants, rights (other than exchangeable or convertible Indebtedness of any subsidiary of the Company), or options to purchase or acquire shares of any class of capital stock of such subsidiary, now or hereafter outstanding, except with respect to capital stock of such subsidiary or such warrants, rights or options owned by (x) the Company or a Restricted Subsidiary of the Company or (y) any person which is not an Affiliate of the Company.

"Restricted Subsidiary" means any subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Corporation, or if it ceases to make a rating of the Notes publicly available, a nationally recognized securities rating agency selected by the Company.

"Senior Credit Agreements" means, both individually and collectively, (i) the Credit Agreement dated as of August 17, 1995, as amended, among the Company, the several financial institutions parties thereto from

time to time (the "Original Banks") and the Agent Bank and (ii) the Credit Agreement dated June , 1996, among the Company, the several financial institutions parties thereto (together with the Original Banks, the "Banks") and the Agent Bank, as the same have been heretofore amended and may be amended hereafter from time to time, and any subsequent credit agreement or agreements constituting a refinancing, extension or modification thereof.

"Senior Indebtedness" means the Obligations of the Company with respect to (i) any and all amounts payable by or on behalf of the Company or any of its Restricted Subsidiaries under or in respect of its obligations (including reimbursement obligations in respect of letters of credit) incurred and outstanding from time to time under the Senior Credit Agreements, the security documents entered into in connection therewith, or any refinancings thereof (including interest accruing on or after filing of any petition in bankruptcy or reorganization relating to the Company, at the rate specified in such Senior Indebtedness whether or not a claim for post-filing interest is allowed in such proceeding); (ii) Swap Obligations of the Company or any of its Restricted Subsidiaries related to any of their payment Obligations on Senior Indebtedness or the hedging of foreign currency translation risk entered into in the ordinary course; (iii) any and all amounts payable by the Company under or in respect of its Obligations incurred and outstanding from time to time under the Senior Subordinated Notes or any refinancings thereof; and (iv) any other Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness is not senior in right of payment to the Notes; provided that notwithstanding the foregoing, Senior Indebtedness shall not include (A) Indebtedness represented by the Notes, (B) Indebtedness incurred in violation of the Indenture, (C) Indebtedness which is represented by Disqualified Stock, (D) amounts payable or any other Indebtedness to trade creditors created, incurred, assumed or guaranteed by the Company or any subsidiary of the Company in the ordinary course of business in connection with obtaining goods or services, (E) amounts payable or any other Indebtedness to employees of the Company or any subsidiary of the Company as compensation for services, (F) Indebtedness of the Company to a subsidiary of the Company, (G) any liability for Federal, state, local or other taxes owed or owing by the Company and (H) Indebtedness represented by the Subordinated Notes.

"Senior Subordinated Indebtedness" means, with respect to any person, any Indebtedness of a person that specifically provides that such Indebtedness is to rank pari passu with other Senior Subordinated Indebtedness of such person and is not subordinated by its terms to any Indebtedness of such person which is not Senior Indebtedness.

"Senior Subordinated Notes" means the 11 1/4% Senior Subordinated Notes of the Company due 2000, issued pursuant to an Indenture dated as of July 15, 1992 among the Company and The Bank of New York, as trustee.

"Significant Subsidiary" means one or more subsidiaries of the Company which, in the aggregate, have (i) assets or in which the Company and its other subsidiaries have Investments, equal to or greater than 5% or more of the total assets of the Company and its subsidiaries consolidated at the end of the most recently completed fiscal year of the Company or (ii) consolidated gross revenue equal to or exceeding 5% of the consolidated gross revenue of the Company for its most recently completed fiscal year.

"Specified Senior Indebtedness" means (i) Indebtedness under the Senior Credit Agreements (or any refunding or refinancing thereof) and (ii) any other single issue of Senior Indebtedness (other than the Senior Subordinated Notes) having an initial principal amount of $30,000,000 or more. For purposes of this definition, a refinancing of any Specified Senior Indebtedness shall be treated as such only if it ranks or would rank on a pari passu basis with the Indebtedness refinanced.

"Subordinated Notes" means the 8 1/4% Subordinated Notes of the Company due 2002, issued pursuant to an Indenture dated as of February 1, 1994 among the Company and State Street Bank & Trust Company, as trustee.

"subsidiary" of any person means (i) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such person or by such person and a subsidiary or subsidiaries of such person or by a subsidiary or subsidiaries of such person

or (ii) any other person (other than a corporation) in which such person or such person and a subsidiary or subsidiaries of such person or a subsidiary or subsidiaries of such persons, at the time, directly or indirectly, owned at least a majority ownership interest.

"Swap Obligations" of any person means the net Obligations of such person pursuant to any agreement, cap, collar, swap or other financial agreement or arrangement designed to protect such person against, in the case of Interest Swap Obligations, fluctuations in interest rates and, in the case of Currency Swap Obligations, fluctuations in currency exchange rates.

"Voting Stock" means all classes of capital stock then outstanding of a person normally entitled to vote in elections of directors.

CERTAIN COVENANTS

Repurchase of Notes Upon a Change of Control Triggering Event. If a "Change of Control Triggering Event" shall occur at any time, then each holder shall have the right to require that the Company repurchase such holder's Notes in whole or in part in integral multiples of $1,000, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, which date shall be no earlier than 30 days nor more than 60 days from the date the Company notifies the holders of the occurrence of a Change of Control Triggering Event. There can be no assurance that sufficient funds will be available at the time of any Change of Control Triggering Event to make any required repurchases. Under the Indenture, the Company can only effect such repurchases either with the consent of the lenders under the Senior Credit Agreements or by repaying amounts owed to such lenders under the Senior Credit Agreements. The failure to satisfy either such condition would constitute a default under the Indenture. The Senior Credit Agreements also contain prohibitions of certain events that would constitute a Change of Control Triggering Event. In addition, the Company's ability to repurchase Notes following a Change of Control Triggering Event may be limited by the terms of its then-existing Senior Indebtedness, including, without limitation, the subordination provisions described above under "Subordination." Therefore, the exercise by the holders of their right to require the Company to repurchase the Notes could cause a default under the Senior Indebtedness (including Specified Senior Indebtedness) even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Company. Failure of the Company to repurchase the Notes in the event of a Change of Control Triggering Event will create an Event of Default with respect to the Notes, whether or not such repurchase is permitted by the subordination provisions. The Company agrees that it will comply with all applicable tender offer rules, including Rule 14e-l under the Exchange Act, if the repurchase option is triggered upon a Change of Control Triggering Event.

Under the Indenture, the Company is obligated to give notice to holders of Notes and the Trustee within 30 days following a Change of Control Triggering Event specifying, among other things, the purchase price, the purchase date, the place at which Notes shall be presented and surrendered for purchase, that interest accrued to the purchase date will be paid upon such presentation and surrender and that interest will cease to accrue on Notes surrendered for purchase as of such purchase date. In order for a holder of Notes properly to put its Notes to the Company for purchase, the holder must give notice and present and surrender its Notes to the Paying Agent at the place specified in the Company's aforementioned notice at least 15 days prior to the purchase date. Any such tender by a holder of Notes shall be irrevocable. The Company is not obligated to notify holders of or to purchase Notes with respect to more than one Change of Control Triggering Event.

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a takeover of the Company, and, thus, the removal of incumbent management. The Change of Control purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate the Company's stock or to obtain control of the Company by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of antitakeover provisions. Instead, the Change of Control purchase feature is a result of negotiations between the Company and the Underwriters. Management has no present intention to engage in a transaction involving a Change of Control Triggering Event, although it is possible that the Company would decide to do so in the future. Subject to the limitations discussed below, including the limitation on incurrence of additional indebtedness and the issuance of certain securities, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under

the Indenture, but that could increase the amount of Senior Indebtedness of the Company (or any other indebtedness) outstanding at such time or otherwise affect the Company's capital structure or credit ratings.

Limitation on Restricted Payments. The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary of the Company to, directly or indirectly, make any Restricted Payment unless (a) no Default or Event of Default has occurred and is continuing at the time or will occur as a consequence of such Restricted Payment and (b) after giving effect to such Restricted Payment, the aggregate amount expended for all Restricted Payments subsequent to December 31, 1993 (the amount so expended, if other than in cash, to be determined by the Board of Directors, whose reasonable determination shall be conclusive and evidenced by a Board Resolution), does not exceed the sum of (i) 50% of Consolidated Net Income of the Company (or in the case such Consolidated Net Income shall be a deficit, minus 100% of such deficit) during the period (treated as one accounting period) subsequent to December 31, 1993 and ending on the last day of the fiscal quarter immediately preceding such Restricted Payment, (ii) the aggregate net proceeds, including cash and the fair market value of property other than cash (as determined in good faith by the Board of Directors of the Company and evidenced by a Board Resolution), received by the Company during such period from any person other than a Restricted Subsidiary of the Company, as a result of the issuance of capital stock of the Company (other than any Disqualified Stock) or warrants, rights or options to purchase or acquire such capital stock, including such capital stock issued upon conversion or exchange of Indebtedness or upon exercise of warrants or options and any contributions to the capital of the Company received by the Company from any such person less the amount of such net proceeds actually applied as permitted by clause (ii) of the next paragraph or by the proviso to the definition of "Restricted Debt Prepayment," (iii) in the case of the redesignation of an Unrestricted Subsidiary to a Restricted Subsidiary, the amount by which Restricted Payments permitted hereunder would have increased if such Unrestricted Subsidiary had never been designated as an Unrestricted Subsidiary, determined at the time of such redesignation and (iv) without duplication to clause (iii), the net reduction in Restricted Investments in Unrestricted Subsidiaries resulting from dividends, repayments of loans or advances or other transfers of assets or amounts received upon the disposition of any Restricted Investments; provided that, at the time of such Restricted Payment and after giving effect thereto, the Company or any Restricted Subsidiary of the Company shall be able to incur an additional $1.00 of Indebtedness pursuant to clauses (a) and (b) of the provisions described under "Limitation on Indebtedness". For purposes of any calculation pursuant to the preceding sentence which is required to be made within 60 days after the declaration of a dividend by the Company, such dividend shall be deemed to be paid at the date of declaration. As of March 30, 1996, after giving pro forma effect to the Common Stock Offering, the amount available for Restricted Payments based on the formula described in clause (b) would have been approximately $745 million.

This provision will not be violated by reason of (i) the payment of any dividend within 60 days after the date of declaration thereof if, at such date of declaration such payment complied with the provisions hereof; (ii) the purchase, redemption, acquisition or retirement of any shares of the Company's capital stock in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a subsidiary of the Company) of, other shares of capital stock (other than Disqualified Stock) of the Company or rights, warrants or options to purchase or acquire such capital stock of the Company or (iii) payments by the Company (A) for the mandatory repurchase of shares of Common Stock or other capital stock of the Company (or scheduled payments of principal of or interest on notes issued to finance the repurchase of such shares) from employees of the Company or its subsidiaries under employment agreements or in connection with employment termination agreements; (B) to satisfy any Obligations under the terms of the Stockholders Agreement or (C) for the purchase, redemption or retirement of any shares of any capital stock of the Company or options to purchase capital stock of the Company in connection with the exercise of outstanding stock options, provided that no Default or Event of Default has occurred and is continuing at the time, or shall occur as a result, of such Restricted Payment. For purposes of determining the aggregate amount of Restricted Payments in accordance with clause (b) of the preceding paragraph, all amounts expended pursuant to clause (i) or (ii) (except to the extent deemed to have been paid pursuant to the immediately preceding paragraph) of this paragraph shall be included.

Limitation on Indebtedness. The Indenture provides that, except for Permitted Indebtedness and Refinancing Indebtedness, the Company will not, and will not permit any Restricted Subsidiary of the

Company to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become liable for, contingently or otherwise, extend the maturity of or become responsible for the payment of (collectively, an "incurrence"), any Obligations in respect of any Indebtedness including Acquired Indebtedness unless (a) no Default or Event of Default shall have occurred and be continuing at the time or as a consequence of the incurrence of such Indebtedness and (b) after giving effect to the incurrence of such Indebtedness and the receipt and application of the proceeds thereof on a pro forma basis, the Consolidated Interest Expense Coverage Ratio of the Company is greater than 2 to 1; provided, however, that in no event shall the Company or any Restricted Subsidiary of the Company incur any Obligations in respect of any Indebtedness of an Unrestricted Subsidiary of the Company except in compliance with "Limitation on Restricted Payments."

Limitation on Payment Restrictions Affecting Subsidiaries. The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary of the Company to, create or otherwise cause or suffer to exist or become effective any consensual restriction which by its terms expressly restricts any such Restricted Subsidiary from (i) paying dividends or making any other distributions on such Restricted Subsidiary's capital stock or paying any Indebtedness owed to the Company or any Restricted Subsidiary of the Company, (ii) making any loans or advances to the Company or any Restricted Subsidiary of the Company or (iii) transferring any of its property or assets to the Company or any Restricted Subsidiary of the Company, except (a) any restrictions existing under agreements in effect at the issuance of the Notes, (b) any restrictions under agreements evidencing the Senior Credit Agreements and Swap Obligations, (c) any restrictions under any agreement evidencing any Acquired Indebtedness of a Restricted Subsidiary of the Company incurred pursuant to the provisions described under "Limitation on Indebtedness," provided that such restrictions shall not restrict or encumber any assets of the Company or its Restricted Subsidiaries other than such Restricted Subsidiary and its subsidiaries, (d) in the case of clause (iii) above, customary nonassignment provisions entered into in the ordinary course of business consistent with past practice in leases and other contracts to the extent such provisions restrict the transfer or subletting of any such lease or the assignment of rights under such contract, (e) any restriction with respect to a Restricted Subsidiary of the Company imposed pursuant to an agreement which has been entered into for the sale or disposition of all or substantially all of the capital stock or assets of such Restricted Subsidiary, provided that consummation of such transaction would not result in a Default or Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into, (f) any encumbrance or restriction with respect to a Restricted Subsidiary that is a Foreign Subsidiary pursuant to an agreement relating to Indebtedness incurred by such Foreign Subsidiary if the incurrence of such Indebtedness is permitted under the provisions described under "Limitation on Indebtedness" and, at the time of incurrence of such Indebtedness, and after giving effect thereto, the aggregate principal amount of the Indebtedness being incurred, together with all other outstanding Indebtedness of such Foreign Subsidiary incurred pursuant to this clause (f), does not exceed an amount equal to the sum of (x) 80% of the consolidated book value of the accounts receivable of such Foreign Subsidiary, and (y) 60% of the consolidated book value of the inventories of such Foreign Subsidiary, or (g) any restrictions existing under any agreement which refinances any Indebtedness in accordance with the definition of Refinancing Indebtedness, provided that the terms and conditions of any such agreement are not materially less favorable than those under the agreement creating or evidencing the Indebtedness being refinanced.

Limitation on Creation of Liens. The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary of the Company to, create, incur, assume or suffer to exist any Liens upon any of their respective assets unless the Notes are secured by such assets on an equal and ratable basis with the obligation so secured until such time as such obligation is no longer secured by a Lien (provided that if the obligation secured by such Lien is subordinated to the Notes, the Lien securing such obligation will be subordinate and junior to the Lien securing the Notes with the same relative priority as such subordinated obligations have with respect to the Notes), except for (i) Liens securing Senior Indebtedness that would be permitted to be incurred under clauses (a) and (b) of the provisions described under "Limitation on Indebtedness" if such Indebtedness were incurred on the date such Lien is granted; (ii) Liens with respect to Acquired Indebtedness, provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary of the Company other than the property or assets of the entity acquired, and provided further that such Liens were not incurred in connection with, or in contemplation of,

the transactions giving rise to such Acquired Indebtedness; (iii) Liens securing Indebtedness which is incurred to refinance secured Indebtedness and which is permitted to be incurred under the provisions described under "Limitation on Indebtedness", provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary of the Company other than the property or assets securing the Indebtedness being refinanced; and (iv) Permitted Liens.

No Senior Subordinated Indebtedness. The Indenture provides that the Company will not issue, incur, create, assume, guarantee or otherwise become liable for any Indebtedness in an aggregate principal amount in excess of $250 million at any one time outstanding which is subordinate or junior in right of payment to any Indebtedness of the Company, including, without limitation, Indebtedness that refinances the Senior Subordinated Notes, unless such Indebtedness is pari passu with or subordinate in right of payment to the Notes.

Transactions with Shareholders and Affiliates. The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary of the Company to, directly or indirectly, enter into or suffer to exist any transaction (an "Affiliate Transaction") (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of more than 10% of any class of equity securities of the Company or with any Affiliate of the Company or of any such holder (other than a Restricted Subsidiary of the Company or the Company), on terms that are less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction with an unrelated person. In addition, neither the Company nor any Restricted Subsidiary of the Company shall enter into any Affiliate Transaction or series of related Affiliate Transactions involving or having a value of more than $5,000,000, unless a majority of Disinterested Directors (or, if there are no Disinterested Directors, a majority of the Board of Directors) of the Company or such Restricted Subsidiary, as the case may be, determines in good faith pursuant to a Board Resolution that such Affiliate Transaction or series of related Affiliate Transactions is fair to the Company or such Restricted Subsidiary, as the case may be.

The foregoing provisions will not apply to (i) any Restricted Payment permitted to be paid pursuant to "Limitation on Restricted Payments" above and (ii) payments of investment banking and financial advisory or consulting fees and other fees to Lehman Brothers Inc., The Cypress Group L.L.C. or any of their respective subsidiaries or Affiliates in connection with the sale of the Notes (or any refunding, refinancing or conversion thereof) and other customary investment banking and financial advisory or consulting fees.

Sales of Assets. The Indenture provides that subject to the provisions described under "Mergers or Consolidations", the Company will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless (i) the Company (or such Restricted Subsidiary, as the case may be) receives consideration at the time of such sale at least equal to the fair market value of the shares or assets included in such Asset Sale (as determined in good faith by the Board of Directors, including valuation of all noncash consideration) and (ii) (x) either (A) the Net Cash Proceeds are reinvested within 12 months (or, pursuant to a determination of the Board of Directors, held pending reinvestment) in replacement assets or assets used in the Automotive Interior Business or used to purchase all of the issued and outstanding capital stock of a person engaged in such business or used to fund research and development costs or (B) if the Net Cash Proceeds are not applied or are not required to be applied as set forth in clause (ii)(x)(A) or if after applying such Net Cash Proceeds as set forth in clause (ii)(x)(A) there remain Net Cash Proceeds, such Net Cash Proceeds are applied within 12 months of the original receipt thereof to the permanent prepayment, repayment, retirement or purchase of Senior Indebtedness, the Subordinated Notes or Indebtedness of a Restricted Subsidiary, (y) if and to the extent that the gross proceeds from such Asset Sale (after giving effect to the application of clauses (ii)(x)(A) and (B), when added to the gross proceeds from all prior Asset Sales (not applied as set forth in clauses (ii)(x)(A) or (B))) exceeds $25,000,000, such proceeds are applied first to a repurchase offer to repurchase the Subordinated Notes pursuant to the indenture governing the Subordinated Notes and then to a Repurchase Offer (as defined in the Indenture) to repurchase the Notes (on a pro rata basis with all other Indebtedness ranking pari passu in right of payment to the Notes (other than the Subordinated Notes)) at a purchase price equal to 100% of the principal amount thereof plus accrued interest to the date of prepayment and (z) if the principal amount tendered pursuant to a Repurchase Offer is less than the Repurchase Offer Amount (as defined in the Indenture), such excess amount is applied for general corporate purposes; provided

that when any noncash consideration is converted into cash, such cash will then constitute Net Cash Proceeds and will be subject to clause (ii) of this sentence.

Limitation on Issuance of Preferred Stock. The Indenture provides that the Company will not permit any of its Restricted Subsidiaries to issue any preferred or preference stock (except to the Company or a wholly owned Restricted Subsidiary of the Company) or permit any person (other than the Company or any wholly owned Restricted Subsidiary of the Company) to hold any such preferred or preference stock unless the Company would be entitled to create, incur or assume Indebtedness pursuant to the provisions described under "Limitation on Indebtedness" in the aggregate principal amount equal to the aggregate liquidation value of the preferred or preference stock to be issued.

Unrestricted Subsidiaries

The Company may designate any Foreign Subsidiary of the Company to be an "Unrestricted Subsidiary" as provided below in which event such subsidiary and each other person that is then or thereafter becomes a subsidiary of such subsidiary will be deemed to be an Unrestricted Subsidiary. "Unrestricted Subsidiary" means (1) any subsidiary designated as such by the Board of Directors as set forth below and (2) any subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any subsidiary of the Company (including any newly acquired or newly formed subsidiary) to be an Unrestricted Subsidiary unless such subsidiary owns any capital stock of, or owns or holds any Lien on any property of, any other subsidiary of the Company which is not a subsidiary of the subsidiary to be so designated or otherwise an Unrestricted Subsidiary, provided that either (A) the subsidiary to be so designated has total assets of $5,000 or less or (B) if such subsidiary has assets greater than $5,000, the Investment resulting from such designation would be permitted under the covenant entitled "Limitation on Restricted Payments." The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) the Company could incur $1.00 of additional Indebtedness under the covenant described under "Limitation on Indebtedness" and (y) no Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

MERGERS OR CONSOLIDATIONS

Under the Indenture, the Company will not consolidate or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to any person unless: (1) the person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or disposition has been made, is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia; (ii) the corporation formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or disposition has been made, assumes by supplemental indenture satisfactory in form to the Trustee all the obligations of the Company under the Indenture; (iii) immediately after such transaction, and giving effect thereto, no Default or Event of Default has occurred and is continuing; (iv) the Company or any corporation formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or disposition has been made, has Consolidated Adjusted Net Worth (immediately after the transaction and giving effect thereto, excluding any write-ups of assets resulting from such consolidation or merger) at least equal to the Consolidated Adjusted Net Worth of the Company immediately preceding the transaction; (v) immediately after such transaction and giving effect thereto, the Company or any corporation formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or disposition shall have been made, shall be able to incur an additional $1.00 of Indebtedness pursuant to clause (b) of the provisions described under "Limitation on Indebtedness"; and (vi) the Company has delivered to the Trustee (A) an Officers' Certificate (attaching the calculation to demonstrate compliance with clauses (iv) and (v) above) and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with the above provisions and that all conditions precedent relating to such transaction have been

complied with, and (B) a certificate from the Company's independent certified public accountants, stating that the Company has made the calculations required by clauses (iv) and (v) above.

EVENTS OF DEFAULT

The Indenture defines an Event of Default as: (i) default by the Company for 30 days in the payment of interest on the Notes; (ii) default by the Company in the payment when due of principal of the Notes; (iii) failure by the Company for 30 days after notice to comply with any of its other agreements in the Indenture or the Notes; (iv) any Indebtedness of the Company or a Significant Subsidiary of the Company for borrowed money (or the payment of which is guaranteed by the Company or any Significant Subsidiary) having an outstanding principal amount of $25,000,000 or more in the aggregate, is declared to be due and payable prior to its stated maturity or failure by the Company or any Significant Subsidiary to pay the final scheduled principal installment in an amount of at least $25,000,000 in respect of any such Indebtedness on its stated maturity date unless such Indebtedness which has been declared due and payable prior to its stated maturity is Indebtedness of a Subsidiary the payment of which is guaranteed by the Letters of Credit; (v) failure by the Company or any subsidiary of the Company to pay certain final judgments aggregating in excess of $25,000,000; and (vi) certain events of bankruptcy or insolvency.

A Default under the provisions of the Indenture described hereunder is not an Event of Default until the Trustee notifies the Company in writing, or the holders of at least 25% in principal amount of the Notes then outstanding notify the Company and the Trustee in writing of the Default, and the Company does not cure the Default within 30 days after receipt of the notice; provided that a Default by the Company with respect to the provisions of the Indenture described under "Mergers or Consolidations" and "Repurchase of Notes upon a Change of Control Triggering Event" will constitute an Event of Default immediately upon such notification and without passage of time.

Subject to the provisions under "Subordination", if an Event of Default (other than as a result of certain events of bankruptcy or insolvency) occurs and is continuing, the Trustee or the holders of at least 25% of the principal amount of the Notes then outstanding, by written notice to the Company (and the Agent Bank, so long as the Indebtedness under the Senior Credit Agreements is outstanding) (and the Senior Subordinated Notes Trustee, so long as the Indebtedness under the Senior Subordinated Notes is outstanding) may declare to be due and payable all unpaid principal of and accrued interest on the Notes.

Upon a declaration of acceleration, such principal and accrued interest to the date of such acceleration shall be due and payable upon the first to occur of (i) an acceleration under the Senior Credit Agreements (or any refunding or refinancing thereof), or (ii) five Business Days after notice of such declaration is given to the Company (and the Agent Bank, so long as the Indebtedness under the Senior Credit Agreements is outstanding) (and the Senior Subordinated Notes Trustee, so long as the Indebtedness under the Senior Subordinated Notes is outstanding); provided that, if the Event of Default giving rise to such acceleration is cured before the earlier to occur of (i) or (ii), such notice of acceleration and its consequences shall be deemed rescinded and annulled. In the event of a declaration of acceleration under the Indenture because an Event of Default described in clause (iv) of the third preceding paragraph has occurred and is continuing, such declaration of acceleration shall be automatically annulled if the holders of the Indebtedness which is the subject of such Event of Default have rescinded their declaration of acceleration in respect of such Indebtedness within 90 days thereof or all amounts payable in respect of such Indebtedness have been paid and such Indebtedness has been discharged during such 90-day period and if (i) the annulment of such acceleration would not conflict with any judgment or decree of a court of competent jurisdiction, (ii) all existing Events of Default, except nonpayment of principal or interest that has been due solely because of the acceleration, have been cured or waived, and (iii) the Company has delivered an Officers' Certificate to the Trustee to the effect of clauses (i) and (ii) of this sentence. If an Event of Default described in clause (vi) of the third preceding paragraph with respect to the Company occurs, all unpaid principal and accrued interest on the Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

The holders of a majority of the outstanding principal amount of the Notes by written notice to the Trustee may rescind an acceleration and its consequences if (i) all existing Events of Default other than the

nonpayment of principal of or interest on the Notes which have become due solely because of the acceleration, have been cured or waived and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and upon becoming aware of any Default or Event of Default, a statement specifying such Default or Event of Default.

DISCHARGE OF INDENTURE AND DEFEASANCE

Except as otherwise limited by the provisions of the Senior Credit Agreements, the Company may terminate its obligations under the Notes and the Indenture when (i) all outstanding Notes have been delivered (other than destroyed, lost or stolen Notes which have not been replaced or paid) to the Trustee for cancellation or (ii) all outstanding Notes have become due and payable, and the Company irrevocably deposits with the Trustee funds or U.S. Government Obligations sufficient (without reinvestment thereof) to pay at maturity all outstanding Notes, including all interest thereon (other than destroyed, lost or stolen Notes which have not been replaced or paid), and in either case the Company has paid all other sums payable under the Indenture. In addition, the Company may terminate substantially all its obligations under the Notes and the Indenture if the Company (a) irrevocably deposits in trust for the benefit of the holders money or U.S. Government Obligations maturing as to principal and interest in such amounts and at such times as are sufficient to pay principal of and interest on the then outstanding Notes to maturity or redemption, as the case may be, (b) delivers to the Trustee an Opinion of Counsel to the effect that, based on Federal income tax laws then in effect, the holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of the Company's exercise of such option and shall be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such option had not been exercised or a ruling to that effect has been received from or published by the Internal Revenue Service and (c) certain other conditions are met.

The Company shall be released from its obligations with respect to the covenants described under "Certain Covenants" and any Event of Default occurring because of a default with respect to such covenants if (a) the Company deposits or causes to be deposited with the Trustee in trust an amount of cash or U.S. Government Obligations sufficient to pay and discharge when due the entire unpaid principal of and interest on all outstanding Notes and (b) certain other conditions are met. The obligations of the Company under the Indenture with respect to the Notes, other than with respect to the covenants and Events of Default referred to above, shall remain in full force and effect.

TRANSFER AND EXCHANGE

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar is not required to transfer or exchange any Note selected for redemption or any Note for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed.

The registered holder of a Note may be treated as the owner of it for all purposes.

AMENDMENT, SUPPLEMENT AND WAIVER

Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented by the Company and the Trustee with the consent of the holders of at least a majority in principal amount of such then outstanding Notes and any existing default may be waived with the consent of the holders of at least a majority in principal amount of the then outstanding Notes. Without the consent of any holder of the Notes, the Company and the Trustee may amend the Indenture or the Notes to cure any ambiguity, defect or

inconsistency, to provide for the assumption of the Company's obligations to holders of the Notes by a successor corporation, to provide for uncertificated Notes in addition to certificated Notes or to make any change that does not adversely affect the rights of any holder of the Notes. Without the consent of each holder of Notes affected, the Company may not reduce the principal amount of Notes the holders of which must consent to an amendment of the Indenture; reduce the rate or change the interest payment time of any Note; reduce the principal of or change the fixed maturity of any Notes or alter the redemption provisions with respect thereto; make any Note payable in money other than that stated in the Note; make any change in the provisions concerning waiver of Defaults or Events of Default by holders of the Notes or rights of holders to receive payment of principal or interest; make any change in the subordination provisions in the Indenture that affects the right of any holder; or release the Company from any of its obligations under the Indenture or the Notes.

THE TRUSTEE

The Bank of New York is the Trustee under the Indenture.

DESCRIPTION OF CERTAIN INDEBTEDNESS

CREDIT AGREEMENTS

The following is a summary of certain provisions of the Credit Agreement and the New Credit Agreement (collectively, the "Credit Agreements"). The Credit Agreement and the New Credit Agreement contain substantially the same terms. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Credit Agreement and the New Credit Agreement, including all of the definitions therein of terms not defined in this Prospectus. The Credit Agreement and the New Credit Agreement have been filed as exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 and its Current Report on Form 8-K dated , 1996, respectively, and are incorporated herein by reference.

General. The Credit Agreement currently provides for (i) borrowings in a principal amount of up to $1.475 billion at any one time outstanding, (ii) swing line loans in a maximum aggregate amount of $65.0 million, the commitment for which is part of the aggregate Credit Agreement commitment, and (iii) Letters of Credit in an aggregate face amount of up to $175.0 million, the commitment for which is a part of the aggregate Credit Agreement commitment. The New Credit Agreement provides for borrowings of up to $300 million. Amounts available to be borrowed under the Credit Agreements will be reduced by $30 million on September 30, 1996, $120 million in the aggregate during 1997, $150 million in the aggregate during 1998, $150 million in the aggregate during 1999, $180 million in the aggregate during 2000 and $120 million on March 30, 2001. The entire unpaid balance under the Credit Agreements will be payable on September 30, 2001. Commitments under the Credit Agreement and the New Credit Agreement will also be permanently reduced by a percentage of the fair market value of certain accounts receivable sold pursuant to a permitted receivables financing program. Borrowings under the Credit Agreement and the New Credit Agreement, including the swing line loans, are collectively referred to herein as the "Loans." See "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company."

Interest. For purposes of calculating interest, the Loans can be, at the election of Lear, ABR Loans or Eurodollar Loans or a combination thereof. ABR Loans bear interest at the higher of (a) Chemical Bank's prime rate and (b) the federal funds rate plus 0.50%. Eurodollar Loans bear interest at the Eurodollar Rate plus between 0.50% and 1.00%, depending on the level of specified financial ratio.

Repayment. Subject to the provisions of the Credit Agreements, Lear may, from time to time, borrow, repay and reborrow under the Credit Agreements. The entire unpaid balance under the Credit Agreements is payable on September 30, 2001.

Security and Guarantees. The Loans are guaranteed by substantially all of the Company's direct and indirect domestic subsidiaries. The Loans and such guarantees are variously secured by (i) a pledge to the Agent for the ratable benefit of the banks party to the Credit Agreements of all of the capital stock of substantially all of the Company's domestic subsidiaries, and a pledge of certain stock of the Company's foreign subsidiaries; (ii) a grant of a security interest in substantially all of the assets of the Company and its domestic subsidiaries, other than certain assets of certain recently acquired domestic subsidiaries; and (iii) the mortgages of certain of the real property of the Company and its domestic subsidiaries.

Covenants. The Credit Agreements contain financial covenants relating to maintenance of consolidated net worth, of ratios of consolidated operating profit to consolidated cash interest expense and of consolidated operating profit. The Credit Agreements also contain restrictive covenants pertaining to the management and operation of the Company. The covenants include, among others, significant limitations on indebtedness, guarantees, mergers, acquisitions, fundamental corporate changes, capital expenditures, asset sales, leases, investments, loans and advances, liens, dividends and other stock payments, transactions with affiliates, optional payments and modification of debt instruments, issuance of stock and sale and leaseback transactions.

Events of Default. The Credit Agreements provide for events of default customary in facilities of these type, including: (i) failure to make payments when due; (ii) breach of covenants; (iii) breach of representations or warranties in any material respect when made; (iv) default under any agreement relating to debt for borrowed money in excess of $20.0 million in the aggregate; (v) bankruptcy defaults; (vi) judgments

in excess of $5.0 million; (vii) ERISA defaults; (viii) any security document or guarantee ceasing to be in full force and effect; (ix) the subordination provisions in the instruments pursuant to which subordinated debt (or any refinancings thereof) were created ceasing to be in full force and effect or enforceable to the same extent purported to be created thereby; and (x) a change of control of the Company.

FOREIGN CREDIT FACILITIES

Certain of the Company's foreign subsidiaries have outstanding credit facilities. In Canada, there is an outstanding revolving credit facility (the "Canadian Credit Facility") of up to 50 million Canadian dollars (or the approximate equivalent of U.S. $40 million). Canadian dollar advances under the Canadian Credit Facility bear interest at the prime lending rate, determined by reference to the rate of interest for loans made by The Bank of Nova Scotia in Canadian dollars. United States dollar advances under the Canadian Credit Facility bear interest, at the election of Lear's principal Canadian subsidiary, at a floating rate of interest equal to (i) the higher of the annual interest rate announced by The Bank of Nova Scotia as its "Base Rate Canada" or the federal funds rate plus .5% or (ii) LIBOR plus a borrowing margin of .5% to 1.0%. The Canadian Credit Facility matures on March 31, 1998.

In Germany, there is an outstanding term loan (the "German Term Loan") of 8.5 million German marks (or the approximate equivalent of U.S. $5.5 million), which bears interest at an effective annual rate of 9.125%, is payable in German marks in quarterly installments of 500,000 German marks through March 2000, and is collateralized by certain assets held by a German subsidiary. The agreements relating to the Canadian Credit Facility and the German Term Loan also contain certain covenants.

Several of the Company's European subsidiaries factor their accounts receivable with financial institutions subject to limited recourse provisions and are charged a discount fee ranging from a fixed rate per annum of 11% to the current LIBOR rate plus .4%. The amount of such factored receivables, at March 30, 1996, was approximately $96.4 million.

In addition, certain of the Company's other foreign subsidiaries are parties to informal lines of credit. As of March 30, 1996, the outstanding indebtedness of the Company's foreign subsidiaries was approximately $32.6 million.

SENIOR SUBORDINATED NOTES AND SUBORDINATED NOTES

After consummation of the Offerings, the Senior Subordinated Notes and the Subordinated Notes will be outstanding. The Senior Subordinated Notes are subordinated in right of payment to all existing and future senior indebtedness of Lear and will be senior in right of payment to the Notes. Interest is payable in arrears on January 15 and July 15. The Subordinated Notes are subordinated in right of payment to all existing and future senior indebtedness of Lear and will be pari passu with the Notes. Interest on the Subordinated Notes is payable in arrears on February 1 and August 1.

The Indentures governing the Senior Subordinated Notes and the Subordinated Notes (the "Indentures") limit, among other things: (i) the making of any Restricted Payment (as defined in the Indentures); (ii) the incurrence of indebtedness unless the Company satisfies a specified cash flow to interest expense coverage ratio; (iii) the creation of liens; (iv) the incurrence of payment restrictions affecting subsidiaries; (v) entering into transactions with stockholders and affiliates; (vi) the sale of assets; (vii) the issuance of preferred stock; and (viii) the merger, consolidation or sale of substantially all of the assets of the Company. The Indentures also provide that a holder of the Senior Subordinated Notes or the Subordinated Notes may, under certain circumstances, have the right to require that Lear repurchase such holder's securities upon a change of control of the Company.

The Senior Subordinated Notes mature on July 15, 2000 and may not be redeemed prior to July 15, 1997. On or after July 15, 1997, Lear may, at its option, redeem the Senior Subordinated Notes in whole or in part, on at least 30 days' but not more than 60 days' notice to each holder of the Senior Subordinated Notes to be redeemed, at 100% of their principal amount together with accrued and unpaid interest (if any) to the redemption date. The Senior Subordinated Notes are not subject to mandatory redemption prior to maturity.

The Subordinated Notes mature on February 1, 2002, and may not be redeemed prior to February 1, 1998. On or after February 1, 1998, Lear may, at its option, redeem the Subordinated Notes in whole or in part, on at least 15 days' but not more than 60 days' notice to each holder of the Subordinated Notes to be redeemed, at 101.65% of their principal amount together with accrued and unpaid interest (if any) to the redemption. On or after February 1, 1999, the Subordinated Notes become redeemable at 100% of their principal amount together with accrued and unpaid interest (if any) to the redemption date. The Subordinated Notes are not subject to mandatory redemption prior to maturity.

UNDERWRITING

The underwriters named below (the "Underwriters") have severally agreed, subject to the terms and conditions of the underwriting agreement (the "Underwriting Agreement") among the Company and the Underwriters, to purchase the respective principal amount of Notes set forth opposite their respective names below:

UNDERWRITERS	PRINCIPAL AMOUNT OF NOTES
BT Securities Corporation	$
Chase Securities Inc.	
Morgan Stanley & Co. Incorporated	
Schroder Wertheim & Co. Incorporated	
Total	$200,000,000

The Underwriting Agreement provides that the obligations of the Underwriters to purchase the Notes are subject to certain conditions and that, if any Notes are purchased by the Underwriters pursuant to the Underwriting Agreement, all of the Notes agreed to be purchased by the Underwriters pursuant to the Underwriting Agreement must be so purchased.

Lear has been advised by the Underwriters that they propose to offer the Notes offered hereby initially at the public offering price set forth on the cover page of this Prospectus and to certain selected dealers (who may include Underwriters) at such public offering price less a concession not to exceed % of the principal amount of the Notes. The Underwriters or such selected dealers may reallow a commission to certain other dealers not to exceed % of the principal amount of the Notes. After the initial offering of the Notes, the public offering price, the concession to selected dealers and the reallowance to other dealers may be changed by the Underwriters.

In the Underwriting Agreement, the Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the Underwriters may be required to make in respect thereof.

In the ordinary course of their respective businesses, affiliates of BT Securities Corporation and Chase Securities Inc. have engaged in general financing and banking transactions with the Company for which customary compensation has been received. Chase Securities Inc. is an affiliate of Chemical Bank, which is Agent and a lender to Lear under the Credit Agreement and the New Credit Agreement. BT Securities Corporation is an affiliate of Bankers Trust Company, which is a lender to Lear under the Credit Agreements. Chemical Bank and Bankers Trust Company will receive their proportionate shares of any repayment by Lear of amounts outstanding under the Credit Agreements from the proceeds of the Note Offering.

Lear has no plans to list the Notes on a securities exchange. Lear has been advised by each Underwriter that it presently intends to make a market in the Notes; however, the Underwriters are not obligated to do so. Any such market-making activity, if initiated, may be discontinued at any time, for any reason, without notice. There can be no assurance that an active market for the Notes will develop or, if a market does develop, at what prices the Notes will trade.

LEGAL MATTERS

The validity of the Notes will be passed upon for the Company by Winston & Strawn, New York, New York. Certain legal matters in connection with the Notes will be passed upon for the Underwriters by Cravath, Swaine & Moore, New York, New York.

EXPERTS

The audited financial statements and schedule of the Company incorporated by reference into this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon authority of said firm as experts in giving said reports.

The audited financial statements of AI incorporated by reference into this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon authority of said firm as experts in giving said report.

The audited financial statements of Masland incorporated by reference into this Prospectus have been audited by Price Waterhouse LLP, as indicated in their report with respect hereto, and are included herein in reliance upon authority of said firm as experts in giving said report.

[INSIDE BACK COVER]

LEAR CORPORATION LOGO [framed by flags of the countries in which the Company operates.]

Lear Corporation is the world's largest independent supplier of automotive interior systems - with approximately 40,000 quality - dedicated, customer - focused people throughout 131 facilities in 19 countries around the globe.

Lear Interior Systems Capabilities

[A picture of the interior of an automobile depicting the automotive interior products listed below which the Company produces]

Trunk Liners/Luggage Compartment Trim
Load Floors
Package Trays
Seat Backs
C-Pillars/Trim
Appliques/Bolsters
Headliners
B-Pillars/Trim
Headrests
Sunvisors
A-Pillars/Trim
Brake Pedal Insulator
Cowl Panels/Trim
HVAC Ducts
Hood Insulators/Liners
Engine Shrounds
Coolant Reservoirs
Grille Assemblies
Spare Tire Covers
Fuel Tank Shields
Seat Systems
Quarter Panels
Arm Rests
Scuff Plates
Door Panels/Trim
Accessory Mats
SEAT COMPONENTS
- Frames
- Covers
- Foam
- Hardware
Consoles
Carpet/Vinyl/Floor Systems
Interior Insulators/Acoustic Stuffers
Inner/Outer Dash
Air Intake Ducts
Vapor Canisters
Windshield Washer Reservoirs
Exterior Air Dams

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES OR AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

TABLE OF CONTENTS

PROSPECTUS

[LEAR CORP. LOGO]

$200,000,000

% SUBORDINATED NOTES
DUE 2006

BT SECURITIES CORPORATION

CHASE SECURITIES INC.
MORGAN STANLEY & CO.
INCORPORATED

SCHRODER WERTHEIM & CO.

, 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all fees and expenses payable by the Registrant in connection with the issuance and distribution of the securities being registered hereby (other than underwriting discounts and commissions). All of such expenses, except the S.E.C. filing fee and the NASD filing fee, are estimated.

SEC filing fee	$ 68,966
NASD filing fee	20,500
Blue sky fees and expenses	10,000
Legal fees and expenses	150,000
Accounting fees and expenses	50,000
Printing and engraving	250,000
Trustee fees and expenses	10,000
Miscellaneous	140,534
Total	$700,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Registrant is a Delaware corporation. Reference is made to Section 145 of the Delaware General Corporation Law, as amended (the "GCL"), which provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at its request in such capacity of another corporation or business organization against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify officers and directors in an action by or in the right of a corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses (including attorneys' fees) that such officer or director actually and reasonably incurred.

Reference is also made to Section 102(b)(7) of the GCL, which permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL or (iv) for any transaction from which the director derived an improper personal benefit.

The certificate of incorporation of the Registrant provides for the elimination of personal liability of a director for breach of fiduciary duty as permitted by Section 102(b)(7) of the GCL and the by-laws of the Registrant provide that the Registrant shall indemnify its directors and officers to the full extent permitted by Section 145 of the GCL.

The Registrant has directors and officers liability insurance that insures the directors and officers of the Registrants against certain liabilities. In addition, Lehman Brothers Inc. has agreed to indemnify David P. Spalding, James A. Stern and Alan Washkowitz, each being a director of the Registrant and an officer or former officer of Lehman Brothers Inc., in connection with their service as directors of the Registrant.

The Underwriting Agreements provide for indemnification by each of the U.S. Underwriters and each of the International Managers, as the case may be, of directors and officers of Lear against certain liabilities, including liabilities under the Securities Act of 1933, under certain circumstances.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

A list of exhibits is set forth on the Index to Exhibits.

ITEM 17. UNDERTAKINGS

1. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by them is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

2. The undersigned Registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) For purposes of determining any liability under the Securities Act of 1933, each filing of the Registrants' annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Southfield, State of Michigan on June 27, 1996.

LEAR CORPORATION

By: /s/ KENNETH L. WAY

Kenneth L. Way
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

NAME	TITLE	DATE
/s/ KENNETH L. WAY Kenneth L. Way	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	June 27, 1996
* Robert E. Rossiter	President, Chief Operating Officer and Director	June 27, 1996
/s/ JAMES H. VANDENBERGHE James H. Vandenberghe	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Principal Accounting Officer)	June 27, 1996
* Larry W. McCurdy	Director	June 27, 1996
* Gian Andrea Botta	Director	June 27, 1996
* Robert W. Shower	Director	June 27, 1996
* David P. Spalding	Director	June 27, 1996
* James A. Stern	Director	June 27, 1996
* Alan Washkowitz	Director	June 27, 1996

*By: /s/ JAMES H. VANDENBERGHE

James H. Vandenberghe
Attorney-in-fact

INDEX TO EXHIBITS

EXHIBIT NUMBER		EXHIBIT	SEQUENTIALLY NUMBERED PAGE
1.1	--	Form of Underwriting Agreement.	--
*2.1	--	Agreement and Plan of Merger, dated May 23, 1996, by and among Lear, PA Acquisition Corp. and Masland.	--
4.1	--	Form of Indenture by and between Lear and The Bank of New York, as Trustee, relating to the % Subordinated Notes due 2006.	
5.1	--	Opinion of Winston & Strawn, special counsel to Lear.	--
12.1	--	Statement Regarding Computation of Ratios.	--
23.1	--	Consent of Arthur Andersen LLP.	--
23.2	--	Consent of Arthur Andersen LLP with respect to AI Financial Statements.	--
**23.3	--	Consent of Price Waterhouse LLP, with respect to the Masland Financial Statements.	--
23.4	--	Consent of Winston & Strawn (included in Exhibit 5.1).	--
*24.1	--	Powers of Attorney.	--
25.1	--	Form T-1 with respect to the eligibility of The Bank of New York as trustee under the Indenture.	
*99.1	--	Amended and Restated Stockholders and Registration Rights Agreement dated as of September 27, 1991 by and among Lear, the Lehman Funds, Lehman Merchant Banking Partners Inc., as representative of the Lehman Partnerships, FIMA Finance Management Inc., a British Virgin Islands corporation, and certain management investors (incorporated by reference to Exhibit 2.2 to Lear Holdings Corporation's Current Report on Form 8-K dated September 24, 1991).	--
*99.2	--	Waiver and Agreement dated September 27, 1991, by and among Holdings, Kidder Peabody Group Inc., KP/Hanover Partners 1988, L.P., General Electric Capital Corporation, FIMA Finance Management Inc., a Panamanian corporation, FIMA Finance Management Inc., a British Virgin Islands corporation, MH Capital Partners Inc., successor by merger and name change to MH Equity Corp., SO.PA.F Societa Partecipazioni Finanziarie S.p.A., INVEST Societa Italiana Investimenti S.p.A., the Lehman Partnerships and the Management Investors (incorporated by reference to Exhibit 2.3 to Lear Holdings Corporation's Current Report on Form 8-K dated September 24, 1991).	--
*99.3	--	Amendment to Amended and Restated Stockholders and Registration Rights Agreement (incorporated by reference to Exhibit 10.24 to Lear's Transition Report on Form 10-K filed March 31, 1994).	--
*99.4	--	Waiver to Amended and Restated Stockholders and Registration Rights Agreement dated August 15, 1995 (incorporated by reference to Exhibit 99.4 to Lear's Registration Statement on Form S-3 (33-61583)).	--
99.5	--	Form of Amendment and Waiver dated as of June 21, 1996 to Amended and Restated Stockholders and Registration Rights Agreement dated as of September 27, 1991, as amended.	

- ------------------------

* Previously filed.

** To be filed by Amendment.

EXHIBIT 1.1

$200,000,000

LEAR CORPORATION

Subordinated Notes Due 2006

UNDERWRITING AGREEMENT

, 1996

BT Securities Corporation
Chase Securities Inc.
Morgan Stanley & Co. Incorporated
Schroder Wertheim & Co.
In care of BT SECURITIES CORPORATION
130 Liberty Street, 37th Floor
New York, New York 10006

Dear Sirs:

Lear Corporation, a Delaware corporation (the "Company"), proposes to issue and sell $200,000,000 aggregate principal amount of its Subordinated Notes Due 2006 (the "Notes") to be issued under an indenture dated as of , 1996 (the "Indenture"), among the Company, as issuer, and , as trustee (the "Trustee"). This is to confirm the agreement concerning the purchase of the Notes from the Company by the Underwriters named in Schedule I hereto (the "Underwriters").

The following terms as used in this Agreement shall have the following meanings:

"Act" shall mean the Securities Act of 1933, as amended.

"Business Day" shall mean any day on which the New York Stock Exchange is open for trading.

"Commission" shall mean the Securities and Exchange Commission.

"Effective Date" shall mean the date of the Effective Time.

2

"Effective Time" shall mean the date and the time as of which the Registration Statement, or the most recent post-effective amendment thereto, if any, was declared effective by the Commission (or, if the Company will next file with the Commission an amendment to the Registration Statement as contemplated by clause (i) of the third sentence of paragraph (a) of Section 1, the date and time as of which the Registration Statement shall be declared effective).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

"Preliminary Prospectus" shall mean each prospectus included in the Registration Statement, or any amendment thereof, before the Effective Date, each prospectus filed with the Commission by the Company with the consent of the Underwriters pursuant to Rule 424(a) and each prospectus included in the Registration Statement at the Effective Time that omits Rule 430A Information.

"Prospectus" shall mean the form of prospectus relating to the Notes, as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, the form of final prospectus included in the Registration Statement at the Effective Time.

"Registration Statement" shall mean the registration statement referred to above, as amended at the Effective Time. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Time as provided by Rule 430A.

"Rule 424" and "Rule 430A" shall refer to such rules under the Act.

"Rule 430A Information" shall mean information with respect to the Notes and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

3

"Rules and Regulations" shall mean the rules and regulations in effect at any relevant time adopted by the Commission under the Act or the Exchange Act.

"Subsidiary" and "Significant Subsidiary" shall have the meanings assigned in Rule 405 of the Rules and Regulations. As used in reference to the Company, "subsidiary" shall mean a Subsidiary of the Company.

Reference made herein to any Preliminary Prospectus or to the Prospectus shall be deemed to refer to and include any documents incorporated by reference therein (including all exhibits thereto) pursuant to Item 12 of Form S-3 under the Securities Act, as of the date of such Preliminary Prospectus or the Prospectus and any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any document filed under the Exchange Act after the date of such Preliminary Prospectus or the Prospectus and incorporated by reference in such Preliminary Prospectus or the Prospectus.

1. Representations and Warranties of the Company. The Company represents, warrants and agrees that:

(a) A registration statement on Form S-3 (File No. 333-05809) with respect to the Notes has (i) been prepared by the Company in conformity with the requirements of the Act and the Rules and Regulations thereunder and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder, and (ii) has been filed with the Commission under the Act. Copies of such registration statement as amended to date have been delivered by the Company to you. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such registration statement, a further amendment to such registration statement, including a form of final prospectus or (ii) after effectiveness of such registration statement, a final prospectus in accordance with Rules 430A and 424(b)(1) or (4).

(b) On the Effective Date, the Registration Statement did or will, and when the Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as defined in Section 3) the Prospectus (and any supplements thereto) will, comply in all material

4

respects with the applicable requirements of the Act and the Rules and Regulations and the Trust Indenture Act and the rules and regulations of the Commission thereunder. The Company has included in the Registration Statement, as amended at the Effective Date, all information required by the Act and the Rules and Regulations thereunder to be included in the Prospectus with respect to the Notes and the offering thereof, and the Prospectus, when filed with the Commission, did or will contain all Rule 430A Information, together with all other such required information, with respect to the Notes and the offering thereof and, except to the extent you shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein. The Commission has not issued any stop order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or the effectiveness of the Registration Statement, and no proceeding for any such purpose has been initiated or threatened by the Commission.

(c) On the Effective Date, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, the Prospectus did not or will not, and on the date of any filing pursuant to Rule 424(b) and on each Closing Date, the Prospectus (together with any supplements thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty as to (i) information contained in or omitted from the Registration Statement or the Prospectus in reliance upon, and in conformity with, written information furnished to the Company by you specifically for inclusion therein, or (ii) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee.

5

(d) The documents incorporated by reference in the Prospectus, when they were filed with the Commission (or upon amendment thereof by other documents included in such incorporated documents), conformed in all material respects to the requirements of the Act or Exchange Act, as applicable, and the Rules and Regulations thereunder, and such documents were timely filed as required thereby and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the Rules and Regulations thereunder, and will be timely filed as required thereby and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) Neither the Commission nor, to the knowledge of the Company, the "blue sky" or securities authority of any jurisdiction has issued an order (a "Stop Order") suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, the Prospectus, the Registration Statement, or any amendment or supplement thereto, refusing to permit the effectiveness of the Registration Statement, or suspending the registration or qualification of the Notes, nor, to the knowledge of the Company, has any of such authorities instituted or threatened to institute any proceeding with respect to a Stop Order in any jurisdiction in which the Notes are sold.

(f) Each of the Company and its subsidiaries is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full power and authority, and all necessary consents, authorizations, approvals, orders, licenses, certificates, and permits of and from, all Federal, state, local, and other governmental and foreign authorities, to own, lease, license, and use its properties and assets and to carry on its business in the manner described in the Prospectus except where such failure will not have a material adverse effect on the Company and its subsidiaries taken as

6

a whole. Except as described in the Registration Statement and Prospectus, each such consent, authorization, approval, order, license, certificate and permit is valid and in full force and effect, and there is no proceeding pending, or to the knowledge of the Company, threatened, which might lead to the revocation, termination, suspension or nonrenewal of any such consent, authorization, approval, order, license, certificate or permit. Each of the Company and its subsidiaries is duly qualified to do business and is in good standing in every jurisdiction in which its ownership, leasing, licensing, or use of property and assets or the conduct of its business makes such qualification necessary, except in those jurisdictions where failure to qualify or to be in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

(g) The Company has an authorized capitalization as set forth in the Registration Statement. Except as described or otherwise disclosed in the Prospectus, each outstanding share of Common Stock and each outstanding share of capital stock of the Company's subsidiaries is duly authorized, validly issued, fully paid and nonassessable, has not been issued and is not owned or held in violation of any preemptive rights of stockholders, and, in the case of the Company's subsidiaries, is owned of record and beneficially by the Company (except for directors' qualifying shares), or its subsidiaries free and clear of all liens, security interests, pledges, charges, encumbrances, stockholders' agreements and voting trusts. The Company's capital stock conforms to the statements in relation thereto contained in the Prospectus. There is no commitment, plan or arrangement to issue, and no outstanding option, warrant or other right calling for the issuance of, any share of capital stock of the Company or the Company's subsidiaries to any person or any security or other instrument which by its terms is convertible into, exercisable for, or exchangeable for capital stock of the Company or the Company's subsidiaries, except as described or otherwise disclosed in the Prospectus. There is outstanding no security or other instrument which by its terms is convertible into or exchangeable for capital stock of the Company or any of their subsidiaries, except as described or otherwise disclosed in the Prospectus.

(h) Other than as described in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to

7

require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act, other than rights that have been duly and validly waived.

(i) Neither the Company nor any of its subsidiaries has sustained, since the date of the Company's Report on Form 10-K for the year ended December 31, 1995, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus; and, since such date, there has not been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus.

(j) Except as described in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries have entered into any material transaction or incurred any material liability or obligation, contingent or otherwise, other than in the ordinary course of business.

(k) Neither the Company nor any of its subsidiaries is now or is expected by the Company or its subsidiaries to be in violation or breach of, or in default with respect to, any provision of any contract, agreement, instrument, lease, or license to which the Company or any of its subsidiaries is a party, the effect of which would materially adversely affect the financial condition, results of operations, business, assets, liabilities or prospects of the Company and its subsidiaries taken as a whole. Each such material contract, agreement, instrument, lease or license (i) is in full force, (ii) assuming the correctness of (iii) below, is the legal, valid, and binding obligation of the Company or its subsidiaries and is enforceable as to the Company or its subsidiaries, as the case may be, in accordance with its terms, except that enforceability

8

thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equity principles and (iii) to the Company's knowledge, is the legal, valid and binding obligation of the other parties thereto and is enforceable as to each of them in accordance with its terms, except that enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equity principles. Each of the Company and its subsidiaries enjoys peaceful and undisturbed possession under all leases and licenses of real property under which it is operating except where such failure could not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole.

(l) The Notes being sold by the Company have been duly and validly authorized and, upon the due execution, authentication, issuance and delivery of the Notes in accordance with the Indenture and payment therefor as provided herein, the Notes will constitute legal, valid and binding obligations of the Company entitled to the benefits provided by the Indenture and enforceable in accordance with their terms, except that enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equity principles; and the Notes will conform to the description thereof contained in the Prospectus.

(m) The Indenture has been duly authorized by the Company and, upon its due execution and delivery by the Company, will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms except that enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equity principles; the Indenture has been duly qualified under the Trust Indenture Act and the rules and regulations of the Commission thereunder; and the Indenture conforms to the description thereof contained in the Prospectus.

(n) The execution, delivery and performance of this Agreement, the Indenture, and the Notes and the consummation of the transactions contemplated hereby and

9

thereby, and the issuance and sale of the Notes, will not conflict with, or result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company or any of its subsidiaries pursuant to the terms of, or result in a breach or violation in any material respect of any of the terms or provisions of, or constitute a default under, any bond, debenture, note or other evidence of indebtedness or any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such actions result in any violation in any material respect of the provisions of the Certificate of Incorporation or the By-laws, in each case as amended, of the Company or any of its subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets; and no consent, approval, authorization, order, registration, filing or qualification of or with any court or governmental agency or body is required for the execution, delivery and performance of this Agreement, the Indenture and the Notes or the issue and sale of the Notes or the consummation of the other transactions contemplated by this Agreement, except the registration under the Act of the Notes, and such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws and the Trust Indenture Act.

(o) Except as may otherwise be disclosed in or contemplated by the Prospectus, since the date as of which information is given in the Prospectus, the Company has not (i) issued or granted any securities (except employee stock options and common stock, $.01 par value (the "Common Stock"), of the Company issuable thereunder and options to be issued in connection with the acquisition of Masland Corporation ("Masland") and Common Stock issuable thereunder), (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations which were incurred in the ordinary course of business, (iii) entered into any transaction not in the ordinary course of business or (iv) declared or paid any dividend on its capital stock.

10

(p) Any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectus has been properly described therein, and any contract, agreement, instrument, lease or license required to be filed as an exhibit to the Registration Statement has been filed with the Commission as an exhibit to or has been incorporated as an exhibit by reference into the Registration Statement.

(q) There is no labor strike or work stoppage or lockout actually pending, imminent or threatened against the Company or any of its subsidiaries which would have a material adverse effect on the consolidated financial condition, results of operations, business, assets, liabilities or prospects of the Company and its subsidiaries taken as a whole.

(r) Except as set forth in the Registration Statement and the Prospectus and except as would not materially and adversely affect the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries taken as a whole, (i) the Company is not in violation of any applicable Federal, state or local environmental law or any applicable order of any governmental authority with respect thereto; (ii) the Company is not in violation of or subject to any existing, or pending or, to the Company's knowledge, threatened action, suit, investigation, inquiry or proceeding by any governmental authority nor is the Company subject to any remedial obligations under any applicable Federal, state or local environmental law; (iii) the Company and its subsidiaries are in compliance with all permits or similar authorizations, if any, required to be obtained or filed in connection with their operations including, without limitation, emissions, discharges, treatment, storage, disposal or release of a Hazardous Material into the environment except where any noncompliance could not reasonably be expected to have a material adverse effect on the operations of the Company and its subsidiaries; and (iv) to the knowledge of the Company and its subsidiaries, after appropriate inquiry, no Hazardous Materials have been disposed of or released by the Company or its subsidiaries on or to the Company's or its subsidiaries' property, except in accordance with applicable environmental laws. The term "Hazardous Material" means any oil (including petroleum products, crude oil and any fraction thereof), chemical, contaminant, pollutant, solid or hazardous waste, or

11

Hazardous Substance (as defined in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act and regulations thereunder), that is regulated as toxic or hazardous to human health or the environment under any Federal, state or local environmental law.

(s) Except with respect to taxable periods commencing before the taxable period ended June 30, 1991, as to which no representation is made, the Company has filed all Federal, state and local income and franchise tax returns required to be filed through the date hereof and has paid all taxes shown to be due with respect to the taxable periods covered by such returns, and no tax deficiency has been assessed, nor does the Company have any knowledge of any tax deficiency which, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have a material adverse effect on the consolidated financial condition, results of operations, business, assets, liabilities or prospects of the Company and its subsidiaries taken as a whole.

(t) Neither the Company nor any of its subsidiaries, nor any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(u) The financial statements (including the related notes and supporting schedules) incorporated by reference in the Prospectus present fairly the financial condition and results of operations of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been prepared in conformity with applicable generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(v) Arthur Andersen LLP, who have certified certain financial statements of the Company and AI (as defined in the Prospectus), and Price Waterhouse LLP, who

12

have certified certain financial statements of Masland (as defined in the Prospectus), and whose reports are incorporated by reference in the Prospectus, are independent public accountants as required by the Act and the Rules and Regulations.

(w) There is no litigation or governmental proceeding pending or, to the knowledge of the Company or any of its subsidiaries, threatened against the Company or any of its subsidiaries which could reasonably be expected to result in any material adverse change in the consolidated financial condition, results of operations, business, assets, liabilities or prospects of the Company or any of its subsidiaries or which affects the transactions contemplated by this Agreement and the Prospectus or which is required to be disclosed in the Registration Statement and the Prospectus, which is not disclosed and correctly summarized therein.

(x) The filing of the Registration Statement has been duly authorized by the Company.

(y) Each of the Company and its subsidiaries holds good and marketable title to, or valid and enforceable leasehold interests in, all items of real and personal property which are material to the business of the Company and its subsidiaries taken as a whole, free and clear of any lien, claim, encumbrance, preemptive rights or any other claim of any other third party which are reasonably expected to materially interfere with the conduct of the business of the Company and its subsidiaries taken as a whole. The Company and its subsidiaries are in material compliance with all applicable laws, rules and regulations, except where such failure to comply would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

(z) The Company has not taken, and agrees that it will not take, directly or indirectly, any action that could reasonably be expected to cause or result in stabilization or manipulation of the price of any security to facilitate the sale or resale of the Notes.

2. Purchase of the Notes by the Underwriters. Subject to the terms and conditions and upon the basis of the representations, warranties, agreements and covenants herein set forth, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters agrees,

13

severally and not jointly, to purchase from the Company, the principal amount of Notes set forth opposite such Underwriter's name in Schedule I hereto at a purchase price equal to % of the principal amount thereof, plus accrued interest, if any, from , 1996, to the Closing Date. The obligations of the Underwriters under this Agreement are several and not joint.

The Company shall not be obligated to deliver the Notes except upon payment for the Notes to be purchased hereunder as hereinafter provided.

3. Delivery of and Payment for the Notes. Delivery of and payment for the Notes shall be made at the offices of BT Securities Corporation, 130 Liberty Street, 37th Floor, New York, New York 10006 (or such other place as mutually may be agreed upon), at 10:00 a.m., New York City time, on the third full Business Day following the date of this Agreement if this Agreement is executed before 4:30 p.m. New York time, or on the fourth full Business Day following the date of this Agreement if this Agreement is executed after 4:30 p.m. New York time or on such later date as shall be determined by you and the Company (the "Closing Date").

Delivery of the Notes shall be made by or on behalf of the Company for the account of each Underwriter, against payment of the purchase price therefor by certified or official bank checks payable in New York Clearing House (next day) funds to the order of the Company. Time shall be of the essence, and delivery of the Notes at the time and place specified pursuant to this Agreement is a further condition of the obligation of the Underwriters hereunder. Upon delivery, the Notes shall be in definitive fully registered form and in such denominations and registered in such names as the Underwriters shall request in writing not less than two full Business Days prior to the Closing Date. For the purpose of expediting the checking and packaging of the Notes, the Company shall make the Notes available for inspection by the Underwriters at the offices of BT Securities Corporation, 130 Liberty Street, 37th Floor, New York, NY 10006, not later than 2:00 p.m., New York City time, on the Business Day prior to the Closing Date.

14

4. Covenants. The Company agrees with each Underwriter that:

(a) The Company shall use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any amendments thereto to become effective. The Company shall advise you promptly of the filing of any amendment to the Registration Statement or any supplement to any Prospectus and, upon notification from the Commission that the Registration Statement or any such amendment has become effective, shall so advise you promptly (in writing, if requested). If the Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of any Prospectus is otherwise required under Rule 424(b), the Company will cause such Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) in the manner and within the time period prescribed and will provide evidence satisfactory to you of such timely filing. The Company shall notify you promptly of any request by the Commission for any amendment of or supplement to the Registration Statement or any Prospectus or for additional information; the Company shall prepare and file with the Commission, promptly upon your request, any amendments or supplements to the Registration Statement or the Prospectus which, in your reasonable opinion, may be necessary or advisable in connection with the distribution of the Notes; and the Company shall not file any amendment or supplement to the Registration Statement or the Prospectus, which filing is not consented to by you after reasonable notice thereof. The Company shall advise you promptly of the issuance by the Commission or any state or other governmental or regulatory body of any stop order or other order suspending the effectiveness of the Registration Statement, suspending or preventing the use of any Preliminary Prospectus or Prospectus or suspending the qualification of the Notes for offering or sale in any jurisdiction, or of the institution of any proceedings for any such purpose; and the Company shall use its best efforts to prevent the issuance of any stop order or other such order and, should a stop order or other such order be issued, to obtain as soon as possible the lifting thereof.

(b) The Company shall furnish to BT Securities Corporation and to counsel for the Underwriters a signed copy of the Registration Statement as originally filed and each amendment thereto filed with the Commission, including

15

all consents and exhibits filed therewith, and shall furnish to the Underwriters such number of conformed copies of the Registration Statement, as originally filed and each amendment thereto (excluding exhibits other than the computation of the ratio of earnings to fixed charges, the Indenture and this Agreement), any Preliminary Prospectus, the Prospectus and all amendments and supplements to any of such documents, in each case as soon as available and in such quantities as you may from time to time reasonably request.

(c) Within the time during which the Prospectus relating to the Notes is required to be delivered under the Act, the Company shall comply with all requirements imposed upon it by the Act, the Exchange Act and the Rules and Regulations so far as is necessary to permit the continuance of sales of or dealings in the Notes as contemplated by the provisions hereof and by the Prospectus. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend the Registration Statement or supplement the Prospectus to comply with the Act or the Exchange Act or the Rules and Regulations, the Company shall promptly notify you and, subject to the penultimate sentence of paragraph (a) of this Section 4, shall amend the Registration Statement or supplement the Prospectus or file such document (at the expense of the Company) so as to correct such statement or omission or to effect such compliance.

(d) The Company shall take or cause to be taken all necessary action and furnish to whomever you may direct such information as may be required in qualifying the Notes for offer and sale under the state securities or Blue Sky laws of such jurisdictions as you shall designate and to continue such qualifications in effect for as long as may be necessary for the distribution of the Notes; except that in no event shall the Company be obligated in connection therewith to qualify as a foreign corporation or to execute a general consent to service of process.

(e) Whether or not the transactions contemplated in this Agreement are consummated, to pay or cause to be paid the costs incident to the authorization, issuance, sale

16

and delivery of the Notes and any expenses or taxes payable in that connection; the costs incident to the preparation, printing and filing under the Act of the Registration Statement and any amendments and exhibits thereto; the costs of distributing the Registration Statement as originally filed and each amendment and post-effective amendment thereof (including exhibits), any Preliminary Prospectus, the Prospectus and any amendment or supplement to the Prospectus, all as provided in this Agreement; the fees paid to rating agencies in connection with the rating of the Notes; the filing fee of the NASD; the reasonable fees and expenses of qualifying the Notes under the securities laws of the several jurisdictions as provided in this paragraph and of preparing and printing a Blue Sky Memorandum and a memorandum concerning the legality of the Notes as an investment, if any (including reasonable fees and expenses of counsel to the Underwriters in connection therewith); the cost of printing the Notes; the fees and expenses of the Trustee under the Indenture and its counsel; and all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. Except as provided in this Section, Section 6 and in Section 7, the Underwriters shall pay their own costs and expenses, including the fees and expenses of their counsel, any transfer taxes on the Notes which they may sell and the expenses of advertising any offering of the Notes made by the Underwriters.

(f) To apply the net proceeds from the sale of the Notes being sold by the Company as set forth in the Prospectus.

(g) During a period of five years from the Effective Date, the Company shall, upon written request, furnish to you copies of all reports or other communications furnished to shareholders and copies of any reports or financial statements furnished to or filed with the Commission, the New York Stock Exchange or any other national securities exchange on which any class of securities of the Company shall be listed.

(h) As soon as practicable after the Effective Date of the Registration Statement, the Company shall make generally available to its security holders and deliver to the Underwriters an earnings statement of the Company, conforming with the requirements of Section 11(a) and

17

Rule 158 of the Act, covering a period of at least 12 months beginning after the Effective Date.

5. Conditions of Underwriters' Obligations. The respective obligations of the several Underwriters hereunder are subject to the accuracy, when made and as of the Closing Date, of the representations and warranties of the Company contained herein, to the performance by the Company of its obligations hereunder and to each of the following additional terms and conditions:

(a) The Registration Statement and any posteffective amendment thereto has become effective under the Act; if the Registration Statement has not become effective prior to the Execution Time, unless the Underwriters agree in writing to a later time, the Registration Statement will become effective not later than (i) 6:00 p.m. New York City time on the date of determination of the public offering price, if such determination occurred at or prior to 3:00 p.m. New York City time on such date or (ii) 2:00 p.m. on the Business Day following the day on which the public offering price was determined, if such determination occurred after 3:00 p.m. New York City time on such date; if required under Rule 424(b), the Prospectus shall have been timely filed with the Commission in accordance with Section 4(a) hereof, not later than the Commission's close of business on the second Business Day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430(A)(a)(3); no Stop Order shall have been issued and prior to that time no proceeding for that purpose shall have been initiated or threatened by the Commission; any request of the Commission for inclusion of additional information in the Registration Statement or the Prospectus or otherwise shall have been complied with; and the Company shall not have filed with the Commission any amendment or supplement to the Registration Statement or the Prospectus without the consent of the Underwriters. If the Company has elected to rely upon Rule 430A of the Act, the price of the Notes and any price-related information previously omitted from the effective Registration Statement pursuant to such Rule 430A shall have been transmitted to the Commission for filing pursuant to Rule 424(b) of the Act within the prescribed time period, and prior to the Closing Date the Company shall have provided evidence satisfactory to the Underwriters of such timely filing, or a post-effective amendment providing such information shall have been prepared, filed and

18

declared effective in accordance with the requirements of Rule 430A of the Act.

(b) No Underwriter shall have discovered after the date hereof and disclosed to the Company on or prior to the Closing Date that the Registration Statement or the Prospectus or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Cravath, Swaine & Moore, counsel for the Underwriters, is material or omits to state a fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Indenture, the Notes, the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby, shall be reasonably satisfactory in all respects to Cravath, Swaine & Moore, counsel for the Underwriters, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(d) On the Closing Date, Winston & Strawn, as special counsel to the Company, shall have furnished to the Underwriters their written opinion addressed to the Underwriters and dated the Closing Date in form and substance reasonably satisfactory to the Underwriters and their counsel (with customary qualifications and assumptions agreed to by counsel for the Underwriters) to the effect that:

(i) the Company and each of its Significant Subsidiaries have been duly incorporated and are validly existing and in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses, requires such qualification, except where the failure to be so qualified and in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole; and have all corporate power and authority necessary to own or hold their

19

respective properties and to conduct the business in which they are engaged as described in the Prospectus;

(ii) this Agreement has been duly authorized, executed, and delivered by the Company, is a legally valid and binding obligation of the Company, and is enforceable against the Company in accordance with its terms, except to the extent that rights to indemnity or contribution hereunder may be limited by Federal or state securities laws or the public policy underlying such laws may limit the right to indemnity and contribution thereunder; no consent, authorization, approval, order, license, certificate, or permit of or from, or declaration or filing with, any Federal, state, local or other governmental authority or any court or other tribunal is required by the Company for the execution, delivery, or performance of this Agreement by the Company (except filings under the Act and the Trust Indenture Act which have been made and consents, authorizations, permits, orders and other matters required by the National Association of Securities Dealers or under Blue Sky or state securities laws as to which such counsel need express no opinion);

20

(iii) the Notes have been duly authorized by the Company, and, upon the due execution, authentication, issuance and delivery of the Notes in accordance with the Indenture and payment therefor as provided herein, the Notes will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture and enforceable against the Company in accordance with their terms; the Notes will conform to the description thereof contained in the Prospectus;

(iv) the Indenture has been duly authorized by the Company and, upon its due execution and delivery by the Company, will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms; the Indenture has been duly qualified under the Trust Indenture Act and the rules and regulations of the Commission thereunder and conforms to the description thereof contained in the Prospectus;

(v) the Registration Statement was declared effective under the Act as of the date and time specified in such opinion, no Stop Order has been issued and, to the knowledge of such counsel, no proceeding for that purpose is pending or threatened by the Commission; and

(vi) the Registration Statement and the Prospectus and any further amendments or supplements thereto made by the Company prior to the Closing Date (other than

21

the financial statements and related schedules therein and other financial and statistical information included in or excluded from the Registration Statement or the Prospectus, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the Rules and Regulations and the Trust Indenture Act and the rules and regulations of the Commission thereunder and the documents incorporated by reference therein (other than any financial statements, related schedules and other financial and statistical information included therein or excluded therefrom), at the time they were filed with the Commission, complied as to form in all material respects with the Exchange Act and the applicable Rules and Regulations (except as aforesaid).

Notwithstanding the foregoing, each of such opinions may be subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors' rights generally and to court decisions with respect thereto and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and no opinion need be expressed as to the availability of equitable remedies for any breach of any such agreement.

In rendering such opinion, such counsel may (i) state that their opinion is limited to matters governed by the Federal laws of the United States of America (to the extent specifically referred to therein), the laws of the State of New York and the General Corporation Law of the State of Delaware; and (ii) rely (to the extent such counsel deems proper and specifies in their opinion), as to matters involving the application of the laws of jurisdictions other than the State of New York or the United States or the General Corporation Law of the State of Delaware upon opinions (dated the Closing Date, addressed to the Underwriters and in form reasonably satisfactory to the Underwriters with signed or conformed copies for each of the Underwriters) of counsel acceptable to Cravath, Swaine & Moore. Such counsel shall also have furnished to the Underwriters a written statement, addressed to the Underwriters and dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters, to the effect that such counsel participated in conferences with officers and representatives of the Company, Arthur

22

Andersen LLP, the Underwriters and Cravath, Swaine & Moore in connection with the preparation of the Registration Statement, and based on the foregoing and without assuming responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or making any independent check or verification thereof (relying as to factual matters upon the statements of officers and other representatives of the Company and others), no facts have come to the attention of such counsel which lead them to believe that (I) the Registration Statement, as of the Effective Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading (other than the information omitted therefrom in reliance on Rule 430A), or (II) the Prospectus as amended or supplemented, as of the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such counsel need not express an opinion or belief as to any financial statements, schedules, and other financial or statistical information included in or excluded from the Registration Statement or the Prospectus.

(e) On the Closing Date, Joseph F. McCarthy, General Counsel to the Company, or Michael O'Shea, corporate counsel to the Company, shall have furnished to the Underwriters his written opinion addressed to the Underwriters and dated the Closing Date in form and substance reasonably satisfactory to the Underwriters (with customary qualifications and assumptions agreed to by counsel for the Underwriters) to the effect that:

(i) the Company and each of its Significant Subsidiaries have been duly incorporated and are validly existing and in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses, requires such qualification, except where the failure to be so qualified and in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole; and have all corporate

23

power and authority necessary to own or hold their respective properties and to conduct the business in which they are engaged as described in the Prospectus;

(ii) the Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and all of the issued shares of capital stock of each subsidiary of the Company owned directly or indirectly by the Company have been duly and validly authorized and issued and are fully paid, nonassessable and (except for directors' qualifying shares) owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except as described in the Prospectus; to the best of such counsel's knowledge after due inquiry and investigation, there is no commitment, plan, or arrangement to issue, and no outstanding option, warrant, or other right calling for the issuance of, any share of capital stock of the Company or of the Company's subsidiaries to any person other than the Company, or any security or other instrument which by its terms is convertible into, exercisable for, or exchangeable for capital stock of the Company or of the Company's subsidiaries, except as may be described in the Prospectus or has been disclosed to the Underwriters;

(iii) the execution, delivery and performance of this Agreement, the Indenture, and the Notes and the consummation of the transactions contemplated hereby and thereby, and the issuance and sale of the Notes, will not conflict with, or result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company or any of its subsidiaries pursuant to the terms of, or result in a breach or violation in any material respect of any of the terms or provisions of, or constitute a default under any material contract, agreement, instrument, lease or license known to such counsel,

24

or violate or result in a breach of any term of the articles of incorporation (or other charter document) or by-laws of the Company or any of its subsidiaries, or violate, result in a breach of, or conflict in any material respect with any law or statute, rule, or regulation, or any order judgment, or decree known to such counsel, that is binding on the Company or any of its subsidiaries or to which any of their respective operations, businesses or assets are subject; no consent, authorization, approval, order, license, certificate or permit of or from, or declaration or filing with any Federal, state, local or other governmental authority or any court or other tribunal is required by the Company for the execution, delivery or performance of this Agreement, the Indenture and the Notes or the issue and sale of the Notes (except filings under the Act which have been made and consents, authorization, permits, orders and other matters required under Blue Sky or State securities laws or as may be required by the laws of any country other than the United States or the Trust Indenture Act as to which such counsel need express no opinion);

(iv) the Notes have been duly authorized by the Company, and, upon the due execution, authentication, issuance and delivery of the Notes in accordance with the Indenture and payment therefor as provided herein, the Notes will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture and enforceable against the Company in accordance with their terms; the Notes will conform to the description thereof contained in the Prospectus;

(v) the Indenture has been duly authorized by the Company and, upon its due execution and delivery by the Company, will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms; the Indenture has been duly qualified under the Trust Indenture Act and the rules and regulations of the Commission thereunder and conforms to the description thereof contained in the Prospectus;

(vi) there is no litigation, arbitration, claim, governmental or other proceeding or investigation pending or, to the best of such counsel's knowledge after due inquiry and investigation, threatened to

25

which the Company or any of its subsidiaries is a party or to which any of their respective operations, businesses or assets is the subject which could reasonably be expected to have a material adverse effect upon the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries taken as a whole; neither the Company nor any of its subsidiaries is in violation of, or in default with respect to, any law, rule, regulation, order, judgment, or decree, except as may be described in the Prospectus or such as in the aggregate do not have a significant likelihood of having a material adverse effect upon the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries taken as a whole;

(vii) neither the Company nor any of its subsidiaries is now in violation or breach of, or in default with respect to, any material provision of any contract, agreement, instrument, lease or license, which is material to the Company and its subsidiaries taken as a whole;

(viii) neither the Company nor any of its subsidiaries is in violation or breach of, or in default with respect to, any term of its Certificate of Incorporation or By-laws;

(ix) any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectus has been properly described therein; any contract, agreement, instrument, lease, or license required to be filed as an exhibit to the Registration Statement has been filed with the Commission as an exhibit to the Registration Statement or incorporated therein by reference; and

(x) insofar as statements in the Prospectus purport to summarize the status of litigation or the provisions of laws, rules, regulations, orders, judgments, decrees, contracts, agreements, instruments, leases, or licenses, such statements have been prepared or reviewed by such counsel and accurately reflect, in all material respects, the status of such litigation and provisions purported to be summarized and are correct in all material respects.

26

Notwithstanding the foregoing, each of such opinions may be subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors' rights generally and to court decisions with respect thereto and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and no opinion need be expressed as to the availability of equitable remedies for any breach of any such agreement.

In rendering such opinion, such counsel may (i) state that his opinion is limited to matters governed by the Federal laws of the United States of America to the extent specifically referred to therein, the laws of the State of Michigan and the General Corporation Law of the State of Delaware; and (ii) rely (to the extent such counsel deems proper and specifies in his opinion), as to foreign matters involving the application of the laws of jurisdictions other than the State of Michigan or the United States or the corporate law of the State of Delaware upon opinions (dated the Closing Date, addressed to the Underwriters and in form reasonably satisfactory to the Underwriters with signed or conformed copies for each of the Underwriters) of counsel acceptable to Cravath, Swaine & Moore.

(f) The Company shall have furnished to the Underwriters on the Closing Date a certificate, dated the Closing Date, of its President or a Vice President and its Chief Financial Officer or Treasurer stating that:

(i) the representations, warranties and agreements of the Company in Section 1 herein are true and correct as of the Closing Date; the Company has complied with all its agreements contained herein; and the conditions set forth in Paragraph 5(a) have been fulfilled; and

(ii) they have carefully examined the Registration Statement and the Prospectus and, in their opinion, (A) as of the Effective Time of the Registration Statement, the Registration Statement did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) as of its date, the Prospectus, as amended or supplemented, did not include any untrue

27

statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (C) since the Effective Date of the Registration Statement or the date of the Prospectus, as the case may be, no event has occurred which should have been set forth in a supplement to or amendment of the Prospectus which has not been set forth in such a supplement or amendment.

(g) At the Effective Time and on the Closing Date, the Company shall have furnished to the Underwriters a letter of Arthur Andersen LLP addressed to the Underwriters and dated the Closing Date and in form and substance satisfactory to the Underwriters confirming that they are independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, and stating, as of the date of such letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five days prior to the date of such letter), the conclusions and findings of such firm with respect to the financial information and other matters covered by its letter delivered to the Underwriters concurrently with the execution of this Agreement and confirming in all material respects the conclusions and findings set forth in such prior letter.

(h) The NASD, upon review of the terms of the public offering of the Notes, shall not have objected to the participation by any of the Underwriters in such offering or asserted any violation of the By-Laws of the NASD.

(i) Neither the Company nor any of its subsidiaries (1) shall have sustained since the date of the latest audited financial statements included in the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus or (2) since such date there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management,

28

financial position, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (1) or (2) of this subparagraph, is, in the reasonable judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Notes on the terms and in the manner contemplated in the Prospectus.

(j) On the Closing Date, a representative of Masland, who is reasonably satisfactory to Cravath, Swaine & Moore, counsel for the Underwriters, shall have furnished his written certificate addressed to the Underwriters and dated the Closing Date in form and substance reasonably satisfactory to the Underwriters and their counsel (with customary qualifications and assumptions agreed to by counsel for the Underwriters) to the effect that the representative has carefully examined the Registration Statement and the Prospectus and, in that representative's opinion, (A) as of the Effective Time of the Registration Statement, the Registration Statement as it pertained or related to Masland did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) as of its date, the Prospectus, as amended or supplemented, as it pertained or related to Masland did not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (C) since the Effective Date of the Registration Statement or the date of the Prospectus, as the case may be, no event pertinent or relating to Masland has occurred which should have been set forth in a supplement to or amendment of the Prospectus which has not been set forth in such a supplement or amendment.

(k) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) of the Rules and Regulations and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities.

29

All such opinions, certificates, letters and documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are reasonably satisfactory to you and Cravath, Swaine & Moore, counsel for the Underwriters, and the Company shall furnish to you conformed copies thereof in such quantities as you reasonably request.

6. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter against any loss, claim, damage or liability (or any action in respect thereof), including without limitation, any legal or other expenses reasonably incurred by any Underwriter in connection with defending or investigating any such action or claim, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such loss, claim, damage or liability (or action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or the Registration Statement or the Prospectus as amended or supplemented or in any Blue Sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any of or all the Notes under the securities laws thereof (any such application, document or information being hereinafter referred to as a "Blue Sky Application"), or (ii) the omission or alleged omission to state in the Registration Statement, any Preliminary Prospectus, the Prospectus or the Registration Statement or the Prospectus as amended or supplemented or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading; and shall reimburse each Underwriter promptly after receipt of invoices from such Underwriter for any legal or other expenses as reasonably incurred by such Underwriter in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, further, that the Company shall not be liable pursuant to this Section 6(a) with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any

30

Preliminary Prospectus which is corrected in a Prospectus if the person asserting such loss, claim, damage or liability purchased Notes from an Underwriter but was not sent or given a copy of a Prospectus at or prior to the written confirmation of the sale of such Notes to such person; and provided, however, that the Company shall not be liable (x) under this paragraph 6(a) in any such case to the extent, but only to the extent, that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter specifically for use in the preparation of the Registration Statement, any Preliminary Prospectus, the Prospectus or the Registration Statement or the Prospectus as amended or supplemented, or any Blue Sky Application.

(b) Each Underwriter severally, but not jointly, shall indemnify and hold harmless the Company against any loss, claim, damage or liability (or any action in respect thereof) to which the Company may become subject, under the Act or otherwise, insofar as such loss, claim, damage or liability (or action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or the Registration Statement or the Prospectus as amended or supplemented, or in any Blue Sky Application, or (ii) the omission or alleged omission to state in the Registration Statement, any Preliminary Prospectus, the Prospectus or the Registration Statement or the Prospectus as amended or supplemented, or in any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading and shall reimburse the Company promptly after receipt of invoices from the Company for any legal or other expenses as reasonably incurred by the Company in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, however, that such indemnification or reimbursement shall be available in each such case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission

31

was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Underwriter specifically for use in the preparation thereof. Each Underwriter shall not be liable under this Section 6 for any settlement of any claim or action effected without its consent, which shall not be unreasonably withheld.

(c) Promptly after receipt by any indemnified party under subsection (a) or (b) above of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure so to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent it has been prejudiced in any material respect by such failure or from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against any indemnified party and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under such subsection for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; except that any indemnified party shall have the right to employ its own counsel to represent it if, in the reasonable judgment of such indemnified party (based on advice of counsel), it is advisable for such indemnified party to be represented by separate counsel because there may be legal defenses available to it or other indemnified parties that are inconsistent with those available to the indemnifying party, and in that event the fees and expenses of such separate counsel shall be paid by the indemnifying party.

(d) If the indemnification provided for in this Section 6 is unavailable to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall, in lieu of indemnifying such indem-

32

nified party, contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, or actions in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes (after underwriting discounts and commissions but before deducting other expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to in the first sentence of this subsection (d). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were

33

offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. Each party entitled to contribution agrees that upon the service of a summons or other initial legal process upon it in any action instituted against it in respect of which contribution may be sought, it shall promptly give written notice of such service to the party or parties from whom contribution may be sought, but the omission so to notify such party or parties of any such service shall not relieve the party from whom contribution may be sought for any obligation it may have hereunder or otherwise (except as specifically provided in subsection (c) hereof).

(e) The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have, and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 6 shall be in addition to any liability that the respective Underwriters may otherwise have, and shall extend, upon the same terms and conditions, to each director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company), to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

6B. Substitution of Underwriters. If, on the Closing Date, any Underwriter defaults in the performance of its obligations under this Agreement, the remaining non-defaulting Underwriters shall be obligated to purchase the Notes which the defaulting Underwriter agreed but failed to purchase on the Closing Date in the respective proportions which the principal amount of Notes set opposite the name of each remaining non-defaulting Underwriter in Schedule 1 hereto bears to the aggregate principal amount of Notes set opposite the names of all the remaining non-defaulting Underwriters in Schedule 1 hereto; provided,

34

however, that the remaining non-defaulting Underwriters shall not be obligated to purchase any of the Notes on the Closing Date if the principal amount of Notes which the defaulting Underwriter or Underwriters agreed but failed to purchase on such date exceeds 10% of the aggregate principal amount of Notes to be purchased on the Closing Date, and any remaining non-defaulting Underwriter shall not be obligated to purchase more than 110% of the principal amount of Notes which it agreed to purchase on the Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting Underwriters, or those other underwriters satisfactory to the remaining non-defaulting Underwriters who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Notes to be purchased on the Closing Date. If the remaining non-defaulting Underwriters or other underwriters satisfactory to the remaining Underwriters do not elect to purchase the Notes which the defaulting Underwriter or Underwriters agreed but failed to purchase on the Closing Date, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company, except that the Company will continue to be liable for the payment of expenses to the extent set forth in Sections 4(e) and 7. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context requires otherwise, any party not listed in Schedule 1 hereto who, pursuant to this Section 6B, purchases Notes which a defaulting Underwriter agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company for damages caused by its default. If other underwriters are obligated or agree to purchase the Notes of a defaulting or withdrawing Underwriter, either the remaining non-defaulting Underwriters or the Company may postpone the Closing Date for up to seven full Business Days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement, the Prospectus or in any other document or arrangement.

7. Effective Date and Termination. (a) This Agreement shall become effective at 11:00 A.M., New York City time, on the first full Business Day following the date hereof, or at such earlier time after the Registration Statement becomes effective as you shall first release the

35

Notes for sale to the public. You shall notify the Company immediately after you have taken any action which causes this Agreement to become effective. Until this Agreement is effective, it may be terminated by the Company by giving notice as hereinafter provided to you, or by you by giving notice as hereinafter provided to the Company, except that the provisions of Section 4(g) and Section 6 shall at all times be effective. For purposes of this Agreement, the release of the public offering of the Notes for sale to the public shall be deemed to have been made when you release, by telecopy or otherwise, firm offers of the Notes to securities dealers or release for publication a newspaper advertisement relating to the Notes, whichever occurs first.

(b) From the date of this Agreement until the Closing Date, this Agreement may be terminated by you in your absolute discretion by giving notice as hereinafter provided to the Company, if (i) the Company shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreement on its part to be performed hereunder, (ii) any other condition to the obligations of the Underwriters hereunder (other than the conditions set forth in Section 5(h) hereof) is not fulfilled, (iii) there occurs any change, or any development involving a prospective change, in or affecting the financial condition of the Company or its subsidiaries, which in your judgment, materially impairs the investment quality of the Notes; (iv) there is any downgrading in the rating of any debt securities of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act or Rule 15c3-1 under the Exchange Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating), (v) trading in securities generally on the New York Stock Exchange shall have been suspended or materially limited, or minimum prices shall have been established on such exchange by the Commission, or by such exchange or other regulatory body or governmental authority having jurisdiction, (vi) any banking moratorium shall have been declared by Federal or New York governmental authorities, (vii) there is an outbreak or escalation of hostilities involving the United States on or after the date hereof, or the United States is or becomes engaged in hostilities which result in the declaration of a national emergency or war, the effect of

36

which, in your judgment, makes it inadvisable or impractical to proceed with the completion of the sale of or any payment for the Notes on the terms and in the manner contemplated in the Prospectus, or (viii) there shall have been such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such), in your judgment, as to make it inadvisable or impractical to proceed with the delivery of the Notes. Any termination of this Agreement pursuant to this Section 7 shall be without liability on the part of the Company or any Underwriter, except as otherwise provided in Section 4(e), Section 6 and Section 7 of this Agreement.

Any notice referred to above may be given at the address specified in Section 9 hereof in writing or by telecopier, telex or telephone, and if by telecopier, telex or telephone, shall be immediately confirmed in writing.

If notice shall have been given pursuant to this Section 7 preventing this Agreement from becoming effective, or if the Company shall fail to tender the Notes for delivery to the Underwriters for any reason permitted under this Agreement, or if the Underwriters shall decline to purchase the Notes for any reason permitted under this Agreement, the Company shall reimburse the Underwriters for the reasonable fees and expenses of their counsel and for such other out-of-pocket expenses as shall have been incurred by them in connection with this Agreement and the proposed purchase of the Notes, and upon demand the Company shall pay the full amount thereof to the Underwriters.

8. Survival of Certain Provisions. The agreements contained in Section 6 hereof and the representations, warranties and agreements of the Company contained in Sections 1 and 4 hereof shall survive the delivery of the Notes to the Underwriters hereunder and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

9. Notices. Except as otherwise provided in the Agreement, (a) whenever notice is required by the provisions of this Agreement to be given to the Company, such notice shall be in writing or by telecopy addressed to the Company at the address of the Company set forth in the Registration Statement, Attention: James H. Vandenberghe; and

37

(b) whenever notice is required by the provisions of this Agreement to be given to the several Underwriters, such notice shall be in writing or by telecopy addressed to you, in care of BT Securities Corporation, 130 Liberty Street, 37th Floor, New York, New York, 10006, Attention:

10. Information Furnished by the Underwriters. The Underwriters severally confirm that the statements set forth in the last paragraph of the cover page with respect to the public offering of the Notes and under the caption "Underwriting" in any Preliminary Prospectus and in the Prospectus are correct and constitute the written information furnished by or on behalf of any Underwriter referred to in paragraph (c) of Section 1 hereof and in paragraphs (a) and (b) of Section 6 hereof.

11. Parties. This Agreement shall inure to the benefit of and be binding upon the several Underwriters and the Company and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any Underwriter within the meaning of Section 15 of the Act and the directors and officers of the Underwriters, and (b) the indemnity agreement of the Underwriters contained in Section 6 hereof shall be deemed to be for the benefit of directors of the Company and officers of the Company who signed the Registration Statement. Nothing in this Agreement shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without respect to choice of law principles thereof.

13. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

38

If the foregoing correctly sets forth the agreement between the Company and the Underwriters, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

LEAR CORPORATION,

by _____
Name:
Title:

Accepted:

BT SECURITIES CORPORATION
CHASE SECURITIES INC.
MORGAN STANLEY & CO. INCORPORATED
SCHRODER WERTHEIM & CO.
by BT SECURITIES CORPORATION,

by _____
Name:
Title:

SCHEDULE I

Underwriters	Principal Amount of Notes
BT Securities Corporation	$
Chase Securities Inc.	
Morgan Stanley & Co. Incorporated	
Schroder Wertheim & Co.	
Total	$200,000,000

EXHIBIT 4.1
[Draft--6/26/96]

==========

INDENTURE

Dated as of , 1996

between

LEAR CORPORATION,
as Issuer

and

The Bank of New York,
as Trustee

$200,000,000
% Subordinated Notes
Due 2006

==========

CROSS-REFERENCE TABLE

TIA Section		Indenture Section
Section	310(a)(1)	7.10
	(a)(2)	7.10
	(a)(3)	N.A.
	(a)(4)	N.A.
	(a)(5)	7.10
	(b)	7.08;7.10;11.02
	(c)	N.A.
Section	311(a)	7.11
	(b)	7.11
	(c)	N.A.
Section	312(a)	2.05
	(b)	12.03
	(c)	12.03
Section	313(a)	7.06
	(b)(1)	N.A.
	(b)(2)	7.06
	(c)	7.06;12.02
	(d)	7.06
Section	314(a)(1), (2), (3)	4.12
	(a)(4)	4.13
	(b)	N.A.
	(c)(1)	12.04
	(c)(2)	12.04
	(c)(3)	N.A.
	(d)	N.A.
	(e)	11.05
	(f)	N.A.
Section	315(a)	7.01(b)
	(b)	7.05;12.02
	(c)	7.01(a)
	(d)	7.01(c)
	(e)	6.11
Section	316(a)(last sentence)	2.09
	(a)(1)(A)	6.05
	(a)(1)(B)	6.04
	(a)(2)	N.A.
	(b)	6.07
	(c)	9.04
Section	317(a)(1)	6.08
	(a)(2)	6.09
	(b)	2.04
Section	318(a)	12.01

_____

N.A. means Not Applicable

NOTE: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS

ARTICLE IV

Covenants

ARTICLE IVA

Unrestricted Subsidiaries

ARTICLE V

Merger, etc.

ARTICLE VI

Defaults and Remedies

ARTICLE IX

Amendments

ARTICLE X

Subordination

ARTICLE XI

Right To Require Repurchase

ARTICLE XII

Miscellaneous

INDENTURE dated as of June , 1996, between LEAR CORPORATION, a Delaware corporation (the "Company"), as issuer, and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

Each Party hereto agrees as follows for the equal and ratable benefit of the Holders of the Company's % Subordinated Notes Due 2006 (the "Securities"):

ARTICLE I

Definitions and Incorporation by Reference

SECTION 1.01. Definitions.

"Acquired Indebtedness" means, with respect to the Company, Indebtedness of a person existing at the time such person becomes a Restricted Subsidiary of the Company or assumed in connection with the acquisition by the Company or a Restricted Subsidiary of the Company of assets from such person, which assets constitute all of an operating unit of such person, and not incurred in connection with, or in contemplation of, such person becoming a subsidiary of the Company or such acquisition.

"Affiliate" means, when used with reference to the Company or another person, any person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company or such other person, as the case may be. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of management or policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing. Notwithstanding the foregoing, the term "Affiliate" shall not include any wholly-owned subsidiary of the Company other than an Unrestricted Subsidiary.

"Agent" means any Registrar, Paying Agent or agent for service of notices and demands.

"Agent Bank" means Chemical Bank and/or its Affiliates together with any bank which is or becomes a

party to the Senior Credit Agreements or any successor to Chemical Bank and/or its Affiliates, and any other Agent Bank under the Senior Credit Agreements.

"Asset Sale" means any sale exceeding $10,000,000, or any series of sales in related transactions exceeding $10,000,000 in the aggregate, by the Company or any Restricted Subsidiary of the Company, directly or indirectly, of properties or assets other than in the ordinary course of business, including capital stock of a Restricted Subsidiary of the Company, except for (i) the sale of receivables by the Company or any subsidiary of the Company in the ordinary course of business of the Company or any of its subsidiaries, or the transfer of receivables to a special-purpose subsidiary of the Company and the issuance by such special-purpose subsidiary, on a basis which is nonrecourse (except for representations as to the status or eligibility of such receivables or to the limited extent described in clause (ix)(B) of the definition of "Permitted Indebtedness") to the Company or any other subsidiary of the Company (other than an Unrestricted Subsidiary), of securities secured by such receivables (a "Qualified Receivables Program"), and (ii) any sale-and-lease-back transaction involving a Capitalized Lease Obligation permitted under Section 4.03.

"Automotive Interior Business" means the production, design, development, manufacture, marketing or sale of seat systems, interior systems and components, vehicle interiors or components or any related businesses.

"average weighted life" means, as of the date of determination, with reference to any debt security, the quotient obtained by dividing (i) the sum of the products of the number of years from the date of determination to the dates of each successive scheduled principal payment of such debt security multiplied by the amount of such principal payment by (ii) the sum of all such principal payments.

"Board of Directors" means, with respect to any person, the Board of Directors of such person or any duly authorized committee of such Board of Directors.

"Board Resolution" means a copy of a resolution certified by the secretary or an assistant secretary of such person to have been duly adopted by the Board of Directors of such person or any duly authorized committee thereof and

to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means a day that is not a Legal Holiday as defined in Section 12.07.

"capital stock" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock and any and all forms of partnership interests or other equity interests in a person.

"Capitalized Lease Obligation" means any lease obligation of a person incurred with respect to any property (whether real, personal or mixed) acquired or leased by such person and used in its business that is accounted for as a capital lease on the balance sheet of such person in accordance with GAAP.

"Cash Equivalents" means (A) any evidence of Indebtedness maturing, or otherwise payable without penalty, not more than 365 days after the date of acquisition issued by the United States of America or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (B) any certificate of deposit maturing, or otherwise payable without penalty, not more than 365 days after the date of acquisition issued by, or a time deposit of, a commercial banking institution that has combined capital and surplus of not less than $300,000,000, whose debt is rated, at the time as of which any Investment therein is made, "A2" (or higher) according to Moody's or "A" (or higher) according to S&P, (C) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate or subsidiary of the Company) organized and existing under the laws of the United States of America or any jurisdiction thereof, with a rating, at the time as of which any Investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (D) any money market deposit accounts issued or offered by any domestic institution in the business of accepting money market accounts or any commercial bank having capital and surplus in excess of $300,000,000 and (E) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (A) and (B).

"Cash Proceeds" means, with respect to any Asset Sale, cash payments (including any cash received by way of deferred payment pursuant to a note receivable or otherwise, but only as and when so received) received from such Asset Sale.

"Change of Control" means an event or series of events by which (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) (1) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire without condition, other than the passage of time, whether such right is exercisable immediately or only after the passage of time) of 50% or more of the Voting Stock of the Company, (2) is or becomes a shareholder of the Company with the right to appoint or remove directors of the Company holding 50% or more of the voting rights at meetings of the Board of Directors on all, or substantially all, matters or (3) is or becomes able to exercise the right to give directions with respect to the operating and financial policies of the Company with which the relevant directors are obliged to comply by reason of: (A) provisions contained in the organizational documents of the Company or (B) the existence of any contract permitting such person to exercise control over the Company; (ii) the Company consolidates with, or merges or amalgamates with or into another person or, directly or indirectly, conveys, transfers, or leases all or substantially all of its assets to any person, or any person consolidates with, or merges or amalgamates with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding Voting Stock of the Company is changed into or exchanged for Voting Stock of the surviving corporation which is not redeemable capital stock or (x) such Voting Stock and (y) cash, securities and other property in an amount which could be paid by the Company as a Restricted Payment pursuant to Section 4.02 (and such amount shall be treated as a Restricted Payment subject to the provisions of Section 4.02) and (B) the holders of the Voting Stock of the Company immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the surviving corporation immediately after such transaction; (iii) during any period of two consecutive years, individuals who at the beginning of such period

constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or (iv) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of this Indenture).

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Commercial Letter of Credit" means any letter of credit or similar instrument issued for the purpose of providing the primary payment mechanism in connection with the purchase of any materials, goods or services by the Company or any of its subsidiaries in the ordinary course of business of the Company or such subsidiary.

"Common Stock" means the common stock, par value $.01 per share, of the Company.

"Company" means the party named as such in this Indenture, or any other obligor under this Indenture, until a successor replaces it pursuant to this Indenture and thereafter means the successor.

"Consolidated" or "consolidated" means, when used with reference to any amount, such amount determined on a consolidated basis in accordance with GAAP, after the elimination of intercompany items.

"Consolidated Adjusted Net Worth" means, with respect to any person, as of any date of determination, the total amount of stockholders' equity of such person and its Restricted Subsidiaries which would appear on the consolidated balance sheet of such person as of the date of determination, less (to the extent otherwise included therein) the following (the amount of such stockholders' equity and deductions therefrom to be computed, except as noted below, in accordance with GAAP): (i) an amount attributable to interests in subsidiaries of such person held by persons other than such person or its Restricted

Subsidiaries; (ii) any reevaluation or other write-up in book value of assets subsequent to December 31, 1995, other than upon the acquisition of assets acquired in a transaction to be accounted for by purchase accounting under GAAP made within twelve months after the acquisition of such assets; (iii) treasury stock; (iv) an amount equal to the excess, if any, of the amount reflected for the securities of any person which is not a subsidiary over the lesser of cost or market value (as determined in good faith by the Board of Directors) of such securities; and (v) Disqualified Stock of the Company or any Restricted Subsidiary of the Company.

"Consolidated Amortization Expense" means for any person, for any period, the amortization of goodwill and other intangible items of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Cash Flow Available for Interest Expense" means, for any person and the Company, the sum of the aggregate amount, for the four fiscal quarters for which financial information in respect thereof is available immediately prior to the date of the transaction giving rise to the need to calculate the Consolidated Cash Flow Available for Interest Expense (the "Transaction Date"), of (i) Consolidated Net Income (Loss) of such person, (ii) Consolidated Income Tax Expense, (iii) Consolidated Depreciation Expense, (iv) Consolidated Amortization Expense, (v) Consolidated Interest Expense and (vi) other noncash items reducing Consolidated Net Income (Loss), minus noncash items increasing Consolidated Net Income (Loss). Consolidated Cash Flow Available for Interest Expense for any period shall be adjusted to give pro forma effect (to the extent applicable) to (i) each acquisition by the Company or a Restricted Subsidiary of the Company during such period up to and including the Transaction Date (the "Reference Period") in any person which, as a result of such acquisition, becomes a Restricted Subsidiary of the Company, or the acquisition of assets from any person which constitute substantially all of an operating unit or business of such person and (ii) the sale or other disposition of any assets (including capital stock) of the Company or a Restricted Subsidiary of the Company, other than in the ordinary course of business, during the Reference Period, as if such acquisition or sale or disposition of assets by the Company or a Restricted

Subsidiary of the Company occurred on the first day of the Reference Period.

"Consolidated Depreciation Expense" means for any person, for any period, the depreciation expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Income Tax Expense" means, for any person, for any period, the aggregate of the income tax expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, for any person, for any period, the sum of (a) the Interest Expense of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis, (b) dividends in respect of preferred or preference stock of a Restricted Subsidiary of the Company held by persons other than the Company or a wholly owned Restricted Subsidiary of the Company and (c) interest incurred during the period and capitalized by the Company and its Restricted Subsidiaries on a consolidated basis in accordance with GAAP. For purposes of clause (b) of the preceding sentence, dividends shall be deemed to be an amount equal to the actual dividends paid divided by one minus the applicable actual combined Federal, state, local and foreign income tax rate of the Company (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Interest Expense.

"Consolidated Interest Expense Coverage Ratio" means, with respect to any person, the ratio of (i) the aggregate amount of the applicable Consolidated Cash Flow Available for Interest Expense of such person to (ii) the aggregate Consolidated Interest Expense which such person shall accrue during the first full fiscal quarter following the Transaction Date and the three fiscal quarters immediately subsequent to such fiscal quarter, such Consolidated Interest Expense to be calculated on the basis of the amount of such person's Indebtedness (on a consolidated basis) outstanding on the Transaction Date and reasonably anticipated by such person in good faith to be outstanding from time to time during such period.

"Consolidated Net Income (Loss)" means, with respect to any person, for any period, the aggregate of the net income (loss) of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein) (i) the net income (loss) of any person which is not a Restricted Subsidiary of such person and which is accounted for by the equity method of accounting, except to the extent of the amount of cash dividends or distributions paid by such other person to such person or to a Restricted Subsidiary of such person, (ii) the net income (loss) of any person accrued prior to the date on which it is acquired by such person or a Restricted Subsidiary of such person in a pooling of interests transaction, (iii) except for NS Beteiligungs GmbH (a German Foreign Subsidiary) or any successor entity, the net income (loss) of any Restricted Subsidiary of such person to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by that Restricted Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement or instrument (except any agreement or instrument permitted under Section 4.04), judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary, in each case determined in accordance with GAAP, (iv) any gain or loss, together with any related provision for taxes in respect of such gain or loss, realized upon the sale or other disposition (including, without limitation, dispositions pursuant to sale-and- lease-back transactions) of any asset or property outside of the ordinary course of business and any gain or loss realized upon the sale or other disposition by such person of any capital stock or marketable securities and (v) any noncash charges incurred by the Company and its Restricted Subsidiaries at any time in connection with SFAS 106.

"Corporate Trust Office" means the office of the Trustee located in New York, New York, at which at any particular time its corporate services business shall be principally administered, which office at the date of execution of this Indenture is located at 101 Barclay Street, Floor 21 West, New York, New York 10286.

"Currency Swap Obligations" means, with respect to any person, the Obligations of such person pursuant to any foreign exchange contract, currency swap agreement or other

similar agreement as to which such person is a party or beneficiary.

"Default" means any event which is, or after notice or lapse of time or both would be, an Event of Default.

"Defaulted Interest" means the interest provided for in Section 2.13.

"Disinterested Director" means, with respect to an Affiliate Transaction or series of related Affiliate Transactions, a member of a Board of Directors who has no financial interest, and whose employer has no financial interest, in such Affiliate Transaction or series of related Affiliate Transactions.

"Disqualified Stock" means any capital stock of the Company or any Restricted Subsidiary of the Company which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the maturity date of the Securities or which is exchangeable or convertible into debt securities of the Company or any Restricted Subsidiary of the Company, except to the extent that such exchange or conversion rights cannot be exercised prior to the maturity of the Securities.

"Event of Default" shall have the meaning provided in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Foreign Subsidiary" means any subsidiary of the Company organized and conducting its principal operations outside the United States.

"GAAP" means generally accepted accounting principles on a basis consistently applied, provided that all ratios and calculations contained in this Indenture will be calculated in accordance with generally accepted accounting principles in effect on the date of this Indenture.

"guarantee" means, as applied to any Obligation, (i) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such Obligation or (ii) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of nonperformance) of any part or all of such Obligation, including, without limiting the foregoing, the payment of amounts drawn down by letters of credit. Notwithstanding anything herein to the contrary, a guarantee shall not include any agreement solely because such agreement creates a Lien on the assets of any person. The amount of a guarantee shall be deemed to be the maximum amount of the Obligation guaranteed for which the guarantor could be held liable under such guarantee.

"Holder" means the person in whose name a Security is registered on the Registrar's books.

"Indebtedness" means (without duplication), with respect to any person, any indebtedness, contingent or otherwise, in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), or evidenced by bonds, notes, debentures or similar instruments or representing the balance deferred and unpaid of the purchase price of any property (except any such balance that constitutes a trade payable in the ordinary course of business that is not overdue by more than 120 days or is being contested in good faith), if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such person prepared on a consolidated basis in accordance with GAAP, and shall also include letters of credit, Obligations with respect to Swap Obligations, any Capitalized Lease Obligation, the maximum fixed repurchase price of any Disqualified Stock, Obligations secured by a Lien to which any property or asset, including leasehold interests under Capitalized Lease Obligations and any other tangible or intangible property rights, owned by such person is subject, whether or not the Obligations secured thereby shall have been assumed (provided that, if the Obligations have not been assumed, such Obligations shall be deemed to be in an amount not to exceed the fair market value of the property or properties to which the Lien relates, as determined in good faith by the Board of Directors of such person and as evidenced by a Board Resolution), and guarantees of items which would be included within this

definition (regardless of whether such items would appear upon such balance sheet); provided that for the purpose of computing the amount of Indebtedness outstanding at any time, items shall be excluded to the extent that they would be eliminated as intercompany items in consolidation. For purposes of the preceding sentence, the maximum fixed repurchase price of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were repurchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock (or any equity security for which it may be exchanged or converted), such fair market value shall be determined in good faith by the Board of Directors of such person.

"Indenture" means this Indenture, as amended, supplemented or modified from time to time.

"Interest Expense" means for any person, for any period, the aggregate amount of interest in respect of Indebtedness (including all fees and charges owed with respect to letters of credit and bankers' acceptance financing and the net costs associated with Interest Swap Obligations and all but the principal component of rentals in respect of Capitalized Lease Obligations) incurred or scheduled to be incurred by such person during such period, all as determined in accordance with GAAP, except that non-cash amortization or write-off of deferred financing fees and expenses shall not be included in the calculation of Interest Expense. For purposes of this definition, (a) interest on Indebtedness determined on a fluctuating basis for periods succeeding the date of determination shall be deemed to accrue at a rate equal to the rate of interest on such Indebtedness in effect on the last day of the fiscal quarter immediately preceding the date of determination and (b) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined in good faith by an Officer of such person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board).

"Interest Swap Obligation" means, with respect to any person, the Obligations of such person pursuant to any

arrangement with any other person whereby, directly or indirectly, such person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such person calculated by applying a fixed or a floating rate of interest on the same notional amount.

"Investment" by any person means (i) all investments by such person in any other person in the form of loans, advances or capital contributions; (ii) all guarantees of Indebtedness or other obligations of any other person by such person; (iii) all purchases (or other acquisitions for consideration) by such person of Indebtedness, capital stock or other securities of any other person; (iv) all other items that would be classified as investments (including, without limitation, purchases outside the ordinary course of business) on a balance sheet of such person prepared in accordance with GAAP; or (v) the designation of any Restricted Subsidiary of the Company as an Unrestricted Subsidiary as provided under Section 4A.01. For purposes of this definition and the provisions described under Section 4A.01 and Section 4.02 (i) with respect to a Restricted Subsidiary that is designated as an Unrestricted Subsidiary, "Investment" will mean the portion (proportionate to the Company's equity interest in such subsidiary) of the net book value of the stockholders' equity of such subsidiary at the time that such subsidiary is designated as an Unrestricted Subsidiary plus, without duplication, all other outstanding Investments made by the Company in that Restricted Subsidiary; (ii) with respect to a person that is designated as an Unrestricted Subsidiary simultaneously with its becoming a subsidiary of the Company, "Investment" will mean the Investment made by the Company and its Restricted Subsidiaries to acquire such subsidiary plus, without duplication, all other outstanding Investments made by the Company in such person; and (iii) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"Investment Grade" is defined as BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's.

"Letters of Credit" means letters of credit under the Senior Credit Agreements.

"Lien" means any lien, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement or any lease creating a Capitalized Lease Obligation).

"Moody's" means Moody's Investor Services, Inc. or if Moody's ceases to make a rating of the Securities publicly available, a nationally recognized securities rating agency selected by the Company.

"Net Cash Proceeds" means, with respect to any Asset Sale, the Cash Proceeds of such Asset Sale net of fees, commissions, expenses and other costs of sale (including payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness which is either secured by a Lien on the stock or other assets sold or can be or is accelerated by such sale), taxes paid or payable as a result thereof, and any amount required to be paid to any person (other than the Company or any of its subsidiaries) owning a beneficial interest in the stock or other assets sold, provided that when any noncash consideration for an Asset Sale is converted into cash, such cash shall then constitute Net Cash Proceeds.

"Obligation" means any principal, interest, premium, penalties, fees and any other liabilities payable under the documentation governing any Indebtedness.

"Officer" of any person means the Chairman of the Board, the President, any Vice President, the Treasurer, the Secretary or the Controller of such person.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and an Assistant Treasurer, Assistant Secretary or Assistant Controller of any person.

"Opinion of Counsel" means a written opinion from legal counsel prepared in accordance with Sections 12.04 and 12.05. The counsel may be an employee of or counsel to the Company.

"Permitted Indebtedness" means: (i) Indebtedness of the Company pursuant to its Obligations under, or Indebtedness of any Restricted Subsidiary of the Company under, the Senior Credit Agreements; provided that in no event shall the aggregate amount of Indebtedness permitted to be outstanding at any one time pursuant to this clause (i) exceed $1,800,000,000 (less any amounts

permanently repaid under the Senior Credit Agreements but without deducting payments under the revolving credit facilities and the swing line facility of the Senior Credit Agreements unless the commitments thereunder have been permanently reduced); (ii) Indebtedness represented by guarantees of Indebtedness which is permitted by Section 4.03; (iii) Indebtedness evidenced by the Securities; (iv) Indebtedness evidenced by the Senior Subordinated Notes and the Subordinated Notes; (v) Indebtedness of the Company to any Restricted Subsidiary of the Company and Indebtedness of any Restricted Subsidiary of the Company to the Company or another Restricted Subsidiary of the Company, provided that the Company or such Restricted Subsidiary shall not become liable to any person other than the Company or a Restricted Subsidiary of the Company with respect thereto; (vi) Indebtedness of the Company or any Restricted Subsidiary of the Company represented by Swap Obligations, provided that such Swap Obligations are related to payment Obligations on Indebtedness otherwise permitted by Section 4.03 and shall not result in an increase in the principal amount of the underlying outstanding Indebtedness or are used for the hedging of foreign currency translation risk in the ordinary course; (vii) Indebtedness of the Company and its Restricted Subsidiaries, and any undrawn amounts, under legally binding revolving credit or standby credit facilities existing on the date of this Indenture and Refinancing Indebtedness in respect of such Indebtedness or amounts; (viii) Indebtedness of any Foreign Subsidiary that is a Restricted Subsidiary to the extent that the aggregate principal amount of the Indebtedness being incurred, together with all other outstanding Indebtedness of such Foreign Subsidiary incurred pursuant to this clause (viii), does not exceed an amount equal to the sum of (x) 80% of the consolidated book value of the accounts receivable of such Foreign Subsidiary and (y) 60% of the consolidated book value of the inventories of such Foreign Subsidiary; (ix) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of guarantees of receivables originated by the Company or any of its Restricted Subsidiaries and sold to other persons to the extent that (A) the sale of such receivables does not constitute an Asset Sale and (B) such guarantees are in respect of warranties granted by the Company or a Restricted Subsidiary on the products giving rise to such receivables and such guarantees are not in respect of any other aspect of such receivables, including the capacity of any customer to meet its obligations under such receivables; (x) Indebtedness of the Company and its Restricted Subsidiaries in respect of

guarantees of Indebtedness of less than majority owned persons, provided that in no event shall Indebtedness permitted pursuant to this clause (x) exceed $5,000,000; (xi) other Indebtedness of the Company and of any Restricted Subsidiary of the Company, provided that in no event shall the aggregate amount of Indebtedness of the Company and of Restricted Subsidiaries of the Company permitted to be outstanding pursuant to this clause (xi) at any one time exceed $50,000,000; and (xii) Indebtedness of special-purpose subsidiaries of the Company in respect of securities secured by receivables transferred to such special-purpose subsidiaries by the Company or a Subsidiary of the Company, provided that (A) the transfer of such receivables does not constitute an Asset Sale, (B) such special-purpose subsidiaries engage in no activities other than the purchase of such receivables and the issuance of such securities, and (C) such securities are non-recourse to the Company or any other Restricted Subsidiary of the Company (except for representations as to the status or eligibility of such receivables or to the limited extent described in clause (ix)(B) above in this definition).

"Permitted Liens" means (i) Liens for taxes, assessments, governmental charges or claims which are being contested in good faith by appropriate proceedings, promptly instituted and diligently conducted and, if a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor; (ii) statutory Liens of landlords and carriers', warehousemen's, mechanics', suppliers', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate process of law, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor; (iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (iv) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other Obligations of like nature incurred in the ordinary course of business (exclusive of Obligations for the payment of borrowed money); (v) easements, rights-of-way, restrictions, zoning provisions and other governmental restrictions and other similar charges or encumbrances not interfering in any material respect with the business of the Company or any of

its subsidiaries; (vi) judgment Liens not giving rise to a Default or Event of Default; (vii) leases or subleases granted to others not interfering in any material respect with the business of the Company or any of its subsidiaries; (viii) Liens encumbering customary initial deposits and margin deposits, and other Liens incurred in the ordinary course of business and which are within the general parameters customary in the industry, in each case securing Indebtedness under Swap Obligations; (ix) any interest or title of a lessor in the property subject to any Capitalized Lease Obligation or operating lease or any Lien granted by a lessor on such property which does not interfere in any material respect with the business of the Company and its Restricted Subsidiaries; (x) Liens arising from filing UCC financing statements regarding leases; (xi) Liens securing reimbursement Obligations with respect to Commercial Letters of Credit which encumber documents and other property relating to such Commercial Letters of Credit and the products and proceeds thereof; (xii) other Liens existing on the date of this Indenture; (xiii) other Liens to secure Obligations not in excess of $1,000,000 in the aggregate at any time outstanding, except to secure Indebtedness; (xiv) Liens on accounts receivable and any assets related thereto granted in connection with a Qualified Receivables Program; and (xv) Liens securing Indebtedness permitted pursuant to clauses (i), (vi), (vii), (viii), (xi) and (xii) of the definition of "Permitted Indebtedness".

"person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"principal" of a debt security means the principal of the security plus, if such security has been called for redemption, the premium, if any, payable on such security upon redemption of such security.

"Rating Decline" means the occurrence of the following on, or within 90 days after, the date of public notice of the occurrence of a Change of Control or of the intention of the Company to effect a Change of Control (which period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrading by either Moody's or S&P): (i) in the event that the Securities are rated by either Moody's or S&P prior to the date of such public notice as Investment Grade, the rating of the Securities by both such rating agencies

shall be decreased to below Investment Grade or (ii) in the event the Securities are rated below Investment Grade by both such rating agencies prior to the date of such public notice, the rating of the Securities by either rating agency shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

"Redemption Date" means, with respect to any Security to be redeemed, the date fixed for such redemption pursuant to this Indenture.

"Redemption Price" means, with respect to any Security to be redeemed, the price fixed for such redemption pursuant to this Indenture as set forth in paragraph 5 of the form of Security annexed hereto as Exhibit A.

"refinance" has the meaning specified in the definition of "Refinancing Indebtedness", and "refinances", "refinancing" and "refinancings" have correlative meanings.

"Refinancing Indebtedness" means Indebtedness of the Company or its Restricted Subsidiaries, the net proceeds of which (after customary fees, expenses and costs related to the incurrence of such Indebtedness) are applied to repay, refund, prepay, repurchase, redeem, defease, retire or refinance (collectively, "refinance") outstanding Indebtedness permitted to be incurred under the terms of this Indenture; provided that Refinancing Indebtedness that refinances any Permitted Indebtedness shall be deemed to be incurred and to be outstanding under the relevant clause in the definition of "Permitted Indebtedness"; and provided further that (A) the original issue amount of the Refinancing Indebtedness shall not exceed the maximum principal amount, accrued interest and premium, if any, of the Indebtedness to be repaid or, if greater in the case of clause (i) or (vii) of the definition of "Permitted Indebtedness", permitted to be outstanding under the agreements governing the Indebtedness being refinanced (or if such Indebtedness was issued at an original issue discount, the original issue price plus amortization of the original issue discount at the time of the incurrence of the Refinancing Indebtedness) plus the amount of customary fees, expenses and costs related to the incurrence of such Refinancing Indebtedness, (B) Refinancing Indebtedness incurred by any Restricted Subsidiary of the Company shall not be used to refinance outstanding Indebtedness other than Senior Indebtedness of the Company and (C) with respect to any Refinancing Indebtedness

which refinances Indebtedness which ranks pari passu or junior in right of payment to the Securities, (1) the Refinancing Indebtedness has an average weighted life which is equal to or greater than the then average weighted life of the Indebtedness being refinanced, (2) if such Indebtedness being refinanced is pari passu in right of payment to the Securities, such Refinancing Indebtedness does not rank senior in right of payment to the payment of principal of and interest on the Securities, and (3) if such Indebtedness being refinanced is subordinated to the Securities, such Refinancing Indebtedness is subordinated to the Securities to the same extent and on substantially the same terms.

"Representative" means the trustee, agent or representative for an issue of Senior Indebtedness.

"Restricted Debt Prepayment" means any purchase, redemption, defeasance (including, but not limited to, in substance or legal defeasance) or other acquisition or retirement for value (collectively a "prepayment"), directly or indirectly, by the Company or a Restricted Subsidiary of the Company (other than to the Company or a Restricted Subsidiary of the Company), prior to the scheduled maturity or prior to any scheduled repayment of principal or sinking fund payment in respect of Indebtedness of the Company or such Restricted Subsidiary which would rank subordinate in right of payment to the Securities ("Prepaid Debt"); provided, that (i) any such prepayment of any Prepaid Debt shall not be deemed to be a Restricted Debt Prepayment to the extent such prepayment is made (x) with the proceeds of the substantially concurrent sale (other than to a subsidiary of the Company) of shares of the capital stock (other than Disqualified Stock) of the Company or rights, warrants or options to purchase such capital stock of the Company or (y) in exchange for or with the proceeds from the substantially concurrent issuance of Refinancing Indebtedness and (ii) no Default or Event of Default shall have occurred and be continuing at the time or shall occur as a result of such sale of capital stock or issuance of such Refinancing Indebtedness.

"Restricted Investment" means, with respect to any person, any Investments by such person in any of its Affiliates (other than its Restricted Subsidiaries) or in any person that becomes an Affiliate (unless it becomes a Restricted Subsidiary) as a result of such Investment to the extent that the aggregate amount of all such Investments

made after the date of this Indenture, whether or not outstanding, less the amount of cash received by such person upon the disposition or satisfaction of any such Investment exceeds $100,000,000.

"Restricted Payment" means any (i) Restricted Stock Payment, (ii) Restricted Debt Prepayment or (iii) Restricted Investment.

"Restricted Stock Payment" means (i) with respect to the Company, any dividend, either in cash or in property (except dividends payable in Common Stock), on, or the making by the Company of any other distribution in respect of, its capital stock, now or hereafter outstanding, or the redemption, repurchase, retirement or other acquisition for value by the Company or any Restricted Subsidiary of the Company, directly or indirectly, of capital stock of the Company or any warrants, rights (other than exchangeable or convertible Indebtedness of the Company) or options to purchase or acquire shares of any class of the Company's capital stock, now or hereafter outstanding, and (ii) with respect to any subsidiary of the Company, any redemption, repurchase, retirement or other acquisition for value by the Company or a Restricted Subsidiary of the Company of capital stock of such subsidiary or any warrants, rights (other than exchangeable or convertible Indebtedness of any subsidiary of the Company), or options to purchase or acquire shares of any class of capital stock of such subsidiary, now or hereafter outstanding, except with respect to capital stock of such subsidiary or such warrants, rights or options owned by (x) the Company or a Restricted Subsidiary of the Company or (y) any person which is not an Affiliate of the Company.

"Restricted Subsidiary" means any subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Corporation, or if it ceases to make a rating of the Securities publicly available, a nationally recognized securities rating agency selected by the Company.

"SEC" means the Securities and Exchange Commission and any government agency succeeding to its functions.

"Securities" means the % Subordinated Notes due 2006 of the Company issued pursuant to this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Credit Agreements" means, both individually and collectively, (i) the Credit Agreement dated as of August 17, 1995, among the Company, the several financial institutions parties thereto from time to time (the "Original Banks") and the Agent Bank and (ii) the Credit Agreement dated June 27, 1996, among the Company, the several financial institutions parties thereto (together with the Original Banks, the "Banks") and the Agent Bank, as the same have been heretofore amended and may be amended hereafter from time to time, and any subsequent credit agreement or agreements constituting a refinancing, extension or modification thereof.

"Senior Indebtedness" means the Obligations of the Company with respect to (i) any and all amounts payable by or on behalf of the Company or any of its Restricted Subsidiaries under or in respect of its obligations (including reimbursement obligations in respect of letters of credit) incurred and outstanding from time to time under the Senior Credit Agreements, the security documents entered into in connection therewith, or any refinancings thereof (including interest accruing on or after filing of any petition in bankruptcy or reorganization relating to the Company, at the rate specified in such Senior Indebtedness whether or not a claim for post-filing interest is allowed in such proceeding); (ii) Swap Obligations of the Company or any of its Restricted Subsidiaries related to any payment Obligations on Senior Indebtedness or the hedging of foreign currency translation risk entered into in the ordinary course; (iii) any and all amounts payable by the Company under or in respect of its Obligations incurred and outstanding from time to time under the Senior Subordinated Notes or any refinancings thereof; and (iv) any other Indebtedness of the Company, whether outstanding on the date of this Indenture or hereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness is not senior in right of payment to the Securities; provided that, notwithstanding the foregoing, Senior Indebtedness shall not include (A) Indebtedness represented by the Securities, (B) Indebtedness incurred in violation of this Indenture, (C) Indebtedness which is represented by Disqualified Stock, (D) amounts payable or any other Indebtedness to trade creditors created, incurred,

assumed or guaranteed by the Company or any subsidiary of the Company in the ordinary course of business in connection with obtaining goods or services, (E) amounts payable or any other Indebtedness to employees of the Company or any subsidiary of the Company as compensation for services, (F) Indebtedness of the Company to a subsidiary of the Company, (G) any liability for Federal, state, local or other taxes owed or owing by the Company and (H) Indebtedness represented by the Subordinated Notes.

"Senior Subordinated Indebtedness" means, with respect to any person, any Indebtedness of a person that specifically provides that such Indebtedness is to rank pari passu with other Senior Subordinated Indebtedness of such person and is not subordinated by its terms to any Indebtedness of such person which is not Senior Indebtedness.

"Senior Subordinated Notes" means the 11 1/4% Senior Subordinated Notes of the Company due 2000, issued pursuant to an Indenture dated as of July 15, 1992 among the Company and The Bank of New York, as trustee.

"Senior Subordinated Notes Trustee" means The Bank of New York, or any duly appointed successor thereto, as trustee under an Indenture dated as of July 15, 1992, among the Company and The Bank of New York, as trustee.

"Significant Subsidiary" means one or more subsidiaries of the Company which, in the aggregate, have (i) assets, or in which the Company and its other subsidiaries have Investments, equal to or greater than 5% or more of the total assets of the Company and its subsidiaries consolidated at the end of the most recently completed fiscal year of the Company or (ii) consolidated gross revenue equal to or exceeding 5% of the consolidated gross revenue of the Company for its most recently completed fiscal year.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 2.13.

"Specified Senior Indebtedness" means (i) Indebtedness under the Senior Credit Agreements (or any refunding or refinancing thereof) and (ii) any other single issue of Senior Indebtedness (other than the Senior Subordinated Notes) having an initial principal amount of

$30,000,000 or more. For purposes of this definition, a refinancing of any Specified Senior Indebtedness shall be treated as such only if it ranks or would rank on a pari passu basis with the Indebtedness refinanced.

"Subordinated Notes" means the 8 1/4% Subordinated Notes of the Company due 2002, issued pursuant to an Indenture dated as of February 1, 1994 among the Company and State Street Bank & Trust Company, as trustee.

"subsidiary" of any person means (i) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such person or by such person and a subsidiary or subsidiaries of such person or by a subsidiary or subsidiaries of such person or (ii) any other person (other than a corporation) in which such person or such person and a subsidiary or subsidiaries of such person or a subsidiary or subsidiaries of such persons, at the time, directly or indirectly, owned at least a majority ownership interest.

"Swap Obligations" of any person means the net Obligations of such person pursuant to any agreement, cap, collar, swap or other financial agreement or arrangement designed to protect such person against, in the case of Interest Swap Obligations, fluctuations in interest rates and, in the case of Currency Swap Obligations, fluctuations in currency exchange rates.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbbb), as in effect on the date of this Indenture (except as otherwise provided in Section 9.03).

"Trustee" means the party named as such above until a successor replaces it pursuant to this Indenture and thereafter means the successor.

"Trust Officer" means any officer in the corporate trust department of the Trustee or any other officer of the Trustee assigned by the Trustee to administer this Indenture.

"UCC" means the Uniform Commercial Code in effect from time to time in any state in the United States of America or the District of Columbia.

"U.S. Government Obligations" means direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged and which are non-callable at the option of the issuer thereof.

"Voting Stock" means all classes of capital stock then outstanding of a person normally entitled to vote in elections of directors.

SECTION 1.02. Other Definitions.

Term	Defined in Section
"Bankruptcy Law"	6.01
"Banks"	1.01
"Custodian"	6.01
"incurrence"	4.03
"Interest Payment Date"	Section 1 of Exh. A hereto
"Legal Holiday"	12.07
"Original Banks"	1.01
"Paying Agent"	2.03
"Payment Blockage Period"	10.02
"Prepaid Debt"	1.01
"Purchase Date"	11.01
"Purchase Price"	11.01
"Qualified Receivables Program"	1.01
"Record Date"	Section 2 of Exh. A hereto
"Reference Period"	1.01
"Registrar"	2.03
"Repurchase Date"	4.08
"Repurchase Offer"	4.08
"Repurchase Offer Amount"	4.08
"Repurchase Price"	4.08
"Special Record Date"	2.13
"Transaction Date"	1.01
"Unrestricted Subsidiary"	4A.01

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities:

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Securities means the Company and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction. Unless the context otherwise requires: (i) a term has the meaning assigned to it; (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles; (iii) references to GAAP shall mean generally accepted accounting principles in effect in the United States as of the time and for the period as to which such accounting principles are to be applied; (iv) notwithstanding the provisions of Section 1.04(iii), all ratios and calculations contained in this Indenture shall be calculated in accordance with generally accepted accounting principles in effect as of the date hereof; (v) "or" is not exclusive; (vi) words in the singular include the plural, and in the plural include the singular; and (vii) provisions apply to successive events and transactions.

ARTICLE II

The Securities

SECTION 2.01. Form and Dating. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or endorsements

required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication.

The terms and provisions contained in the Securities annexed hereto as Exhibit A shall constitute, and are hereby expressly made, a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which such Securities may then be listed, all as determined by the Officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02. Execution and Authentication. Two Officers shall sign the Securities for the Company by manual or facsimile signature. The Company's seal shall be reproduced on the Securities and may be in facsimile form.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall be valid nevertheless.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate and deliver Securities for original issue in the aggregate principal amount of not more than $200,000,000 pursuant to a written order of the Company signed by two Officers. The order shall specify the amount of Securities to be authenticated and the date upon which the original issue of Securities is to be authenticated. The aggregate principal amount of Securities outstanding at any time may not exceed $200,000,000 except as provided in Sections 2.07 and 2.08.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by

such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

The Securities shall be issuable only in registered form without coupons and only in denominations of $1,000 and integral multiples thereof.

SECTION 2.03. Registrar and Paying Agent. The Company shall maintain in the Borough of Manhattan, New York, New York, an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"), and the Company shall maintain in the Borough of Manhattan, New York, New York, an office or agency where notices or demands to or upon the Company in respect of the Securities and the Indenture may be served. The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent and the term "Registrar" includes any additional registrar. The Company may change any Paying Agent or Registrar without prior notice to any Holder.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall give prompt written notice to the Trustee of the name and address of any Agent who is not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any Affiliate of the Company may act as Paying Agent or Registrar.

The Company initially appoints the Trustee at the address specified in Section 12.02 as Registrar and Paying Agent, and the Company initially appoints the Trustee as agent for service of notices and demands.

SECTION 2.04. Paying Agent To Hold Money in Trust. Prior to the due date of principal of and interest on any Security, the Company shall deposit with the Paying Agent money sufficient to pay such principal and interest so becoming due. The Company shall require each Paying Agent

other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of and interest on the Securities (whether such money has been paid to it by the Company or any other obligor on the Securities) and shall notify the Trustee of any failure by the Company (or any other obligor on the Securities) in making any such payment. While any such failure continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money so paid over to the Trustee. If the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 2.05. Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee on or before each interest payment date for the Securities and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.06. Registration of Transfer and Exchange. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When Securities are presented to the Registrar or a coregistrar with a request to register their transfer or to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transaction are met; provided that a Security presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the Holder thereof or his attorney duly authorized in writing. To permit registrations of transfer and exchanges, the Company shall issue Securities, and the Trustee shall authenticate Securities at the Registrar's request. No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any

tax or other governmental charge that may be imposed in connection with registration, transfer or exchange of Securities other than exchanges pursuant to Section 2.10, 3.06, 9.05 or 11.01(d) not involving any transfer.

The Registrar shall not be required to register the transfer or exchange of (i) any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part or (ii) any Security for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

SECTION 2.07. Replacement Securities. If a mutilated Security is surrendered to the Trustee or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee, at the Company's request, shall authenticate a replacement Security if the requirements of the Trustee and the Company are met; provided that, if any such Security has been called for redemption in accordance with the terms thereof, the Trustee may pay the Redemption Price thereof on the Redemption Date without authenticating or replacing such Security. The Trustee or the Company may, in either case, require the Holder to provide an indemnity bond sufficient in the judgment of each of the Trustee and the Company to protect the Company, the Trustee, any Agent or any authenticating agent from any loss which any of them may suffer if a Security is replaced or if the Redemption Price therefor is paid pursuant to this Section. The Company may charge the Holder who has lost a Security for its expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company and shall be entitled to the benefits of this Indenture.

SECTION 2.08. Outstanding Securities. The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding and interest ceases to accrue unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If all principal of and interest on any of the Securities are considered paid under Section 4.01, such Securities shall cease to be outstanding and interest on them shall cease to accrue.

Except as provided in Section 2.09, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds such Security.

SECTION 2.09. Treasury Securities. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or any other obligor, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or such other obligor, shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which such Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and execute and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the Corporate Trust Office of the Trustee, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like aggregate principal amount of definitive Securities having the same date as such temporary Securities. Until so exchanged such temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 2.11. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee

any Securities surrendered to them for registration of transfer, exchange, payment or repurchase. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, repurchase, redemption, replacement or cancellation and shall return canceled Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and the Trustee shall use CUSIP numbers in notices given pursuant to Section 3.03, 4.08 or 11.01 as a convenience to Holders; provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any such notice and that reliance may be placed only on the other identification numbers printed on the Securities. The Company shall promptly notify the Trustee of any change in the CUSIP numbers.

SECTION 2.13. Defaulted Interest. If the Company fails to make a payment of interest on the Securities, it shall pay such interest, plus interest payable on the defaulted interest (to the extent permitted by law), to the persons who are Holders on a subsequent special record date (the "Special Record Date"), which shall be fixed in the following manner: the Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment (which shall be at least 40 days from the date of such notice), and at the same time the Company shall deposit with the Trustee an amount of cash equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such cash when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 or less than 10 days prior to the date of the proposed payment and not less than 15 days after the receipt of the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date

therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Securities are registered as of the close of business on such Special Record Date.

Notwithstanding the foregoing, no such payment of Defaulted Interest shall affect the status of the failure to pay interest when due as an Event of Default under Section 6.01.

SECTION 2.14. Person Deemed Owners. Prior to due presentment for transfer, the Company, the Trustee, the authenticating agent, if any, and any Agent may treat the Holder as the owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee, the authenticating agent, if any, nor any Agent (including the Paying Agent, if any) shall be affected by notice to the contrary.

ARTICLE III

Redemption

SECTION 3.01. Notices to Trustee. If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities, it shall notify the Trustee of the intended redemption date and the principal amount of Securities to be redeemed.

The Company shall give each notice provided for in this Section and an Officers' Certificate at least 30 days before the Redemption Date (unless a shorter period shall be satisfactory to the Trustee).

SECTION 3.02. Selection of Securities To Be Redeemed. If fewer than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed from the outstanding Securities not previously called for redemption pro rata or by lot in accordance with a method the Trustee considers fair and appropriate. The Trustee may select for redemption portions of the principal

amount of Securities that have denominations larger than $1,000.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed. Securities and portions of them selected shall be in amounts of $1,000 or whole multiples of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.03. Notice of Redemption. At least 15 days but not more than 60 days before the Redemption Date, the Company shall mail a notice of redemption by first-class mail to each Holder whose Securities are to be redeemed at the address of such Holder appearing in the register.

The notice shall identify the Securities to be redeemed and shall state: (1) the Redemption Date; (2) the Redemption Price; (3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the Redemption Date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion shall be issued; (4) the name and address of the Paying Agent; (5) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest (if any) to the Redemption Date; (6) that, unless the Company defaults in making the redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders is to receive payment of the Redemption Price plus accrued interest (if any) to the Redemption Date upon surrender of the Securities to the Paying Agent; (7) the Security's CUSIP number (subject to the proviso in Section 2.12 hereof) and (8) the aggregate principal amount of Securities being redeemed.

At the Company's written request, the Trustee shall give the notice of redemption in the Company's name and at its expense. Concurrently with the giving of any such notice by the Company to the Holders, the Company shall deliver to the Trustee an Officers' Certificate stating that such notice has been given. The notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives such notice.

In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Security shall not affect the validity of the proceeding for the redemption of any other Security.

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Securities called for redemption become due and payable on the Redemption Date at the Redemption Price plus accrued interest to the Redemption Date. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price plus accrued interest (if any) to the Redemption Date.

SECTION 3.05. Deposit of Redemption Price. Prior to the Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent (or if the Company is acting as its own Paying Agent, the Company shall segregate and hold in trust) money sufficient to pay the Redemption Price of and accrued interest to the Redemption Date on all Securities to be redeemed on that date other than Securities or portions thereof called for redemption on that date which have been delivered by the Company to the Trustee for cancellation.

SECTION 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company, a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE IV

Covenants

SECTION 4.01. Payment of Securities. The Company shall pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if the Trustee or Paying Agent (other than the Company or an Affiliate of the Company) holds on that date money designated for and sufficient to pay all principal and interest then due if payment thereof is not prohibited by Article X.

The Company shall pay interest on overdue principal at the rate then borne by the Securities; it shall

pay interest on overdue installments of interest at the same rate to the extent legally permitted.

SECTION 4.02. Limitation on Restricted Payments. The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, directly or indirectly, make any Restricted Payment unless (a) no Default or Event of Default has occurred and is continuing at the time or shall occur as a consequence of such Restricted Payment and (b) after giving effect to such Restricted Payment, the aggregate amount expended for all Restricted Payments subsequent to December 31, 1993 (the amount so expended, if other than in cash, to be determined by the Board of Directors, whose reasonable determination shall be conclusive and evidenced by a Board Resolution) does not exceed the sum of (i) 50% of Consolidated Net Income of the Company (or in the case such Consolidated Net Income shall be a deficit, minus 100% of such deficit) during the period (treated as one accounting period) subsequent to December 31, 1993 and ending on the last day of the fiscal quarter immediately preceding such Restricted Payment, (ii) the aggregate net proceeds, including cash and the fair market value of property other than cash (as determined in good faith by the Board of Directors of the Company and evidenced by a Board Resolution), received by the Company during such period from any person other than a Restricted Subsidiary of the Company, as a result of the issuance of capital stock of the Company (other than any Disqualified Stock) or warrants, rights or options to purchase or acquire such capital stock, including such capital stock issued upon conversion or exchange of Indebtedness or upon exercise of warrants or options and any contributions to the capital of the Company received by the Company from any such person less the amount of such net proceeds actually applied as permitted by clause (ii) of the next paragraph or by the proviso to the definition of "Restricted Debt Prepayment", (iii) in the case of the redesignation of an Unrestricted Subsidiary to a Restricted Subsidiary, the amount by which Restricted Payments permitted under this Section 4.02 would have increased if such Unrestricted Subsidiary had never been designated as an Unrestricted Subsidiary, determined at the time of such redesignation and (iv) without duplication to clause (iii), the net reduction in Restricted Investments in Unrestricted Subsidiaries resulting from dividends, repayments of loans or advances or other transfers of assets or amounts received upon the disposition of any Restricted Investments; provided that, at the time of such Restricted Payment and after giving effect thereto, the Company or any

Restricted Subsidiary of the Company shall be able to incur an additional $1.00 of Indebtedness pursuant to clauses (a) and (b) of Section 4.03. For purposes of any calculation pursuant to the preceding sentence which is required to be made within 60 days after the declaration of a dividend by the Company, such dividend shall be deemed to be paid at the date of declaration.

The provisions of this Section 4.02 shall not be violated by reason of (i) the payment of any dividend within 60 days after the date of declaration thereof if, at such date of declaration such payment complied with the provisions hereof; (ii) the purchase, redemption, acquisition or retirement of any shares of the Company's capital stock in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a subsidiary of the Company) of, other shares of capital stock (other than Disqualified Stock) of the Company or rights, warrants or options to purchase or acquire such capital stock of the Company; or (iii) payments by the Company (A) for the mandatory repurchase of shares of Common Stock or other capital stock of the Company (or scheduled payments of principal of or interest on notes issued to finance the repurchase of such shares) from employees of the Company or its subsidiaries under employment agreements or in connection with employment termination agreements, (B) to satisfy any Obligations under the terms of the Stockholders Agreement or (C) for the purchase, redemption or retirement of any shares of any capital stock of the Company or options to purchase capital stock of the Company in connection with the exercise of outstanding stock options; provided that no Default or Event of Default has occurred and is continuing at the time, or shall occur as a result, of such Restricted Payment. For purposes of determining the aggregate amount of Restricted Payments in accordance with clause (b) of the first paragraph of this Section 4.02, all amounts expended pursuant to clause (i) or (ii) (except to the extent deemed to have been paid pursuant to the immediately preceding paragraph) of this paragraph shall be included.

For the purpose of this Section 4.02 and the proviso to the definition of "Restricted Debt Prepayment", the net proceeds from the issuance of shares of capital stock of the Company upon the conversion of debt securities shall be deemed to be an amount equal to the net book value of such debt securities (plus the additional amount required to be paid upon such conversion, if any), less any cash payment on account of fractional shares; the "net book

value" of a security shall be the amount received by the Company on the issuance of such security, as adjusted on the books of the Company to the date of conversion. The foregoing shall not be interpreted to limit the authority of the Board of Directors to determine the value of other securities of the Company or of any subsidiary of the Company or other property received as net proceeds; provided that the value of the other property shall not exceed the net book value of such property.

Within 45 days after the end of the fiscal quarter in which any Restricted Payment was made, the Company shall deliver to the Trustee an Officers' Certificate setting forth the date of each such Restricted Payment and the computation by which the amount available for Restricted Payments on that date was determined.

SECTION 4.03. Limitation on Indebtedness. Except for Permitted Indebtedness and Refinancing Indebtedness, the Company shall not, and shall not permit any Restricted Subsidiary of the Company to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become liable for, contingently or otherwise, extend the maturity of or become responsible for the payment of (collectively, an "incurrence"), any Obligations in respect of any Indebtedness including Acquired Indebtedness unless (a) no Default or Event of Default shall have occurred and be continuing at the time or as a consequence of the incurrence of such Indebtedness and (b) after giving effect to the incurrence of such Indebtedness and the receipt and application of the proceeds thereof on a pro forma basis, the Consolidated Interest Expense Coverage Ratio of the Company is greater than 2 to 1; provided, however, that in no event shall the Company or any Restricted Subsidiary of the Company incur any Obligations in respect of any Indebtedness of an Unrestricted Subsidiary of the Company except in compliance with Section 4.02.

For purposes of all covenants contained in this Section 4.03, an incurrence shall be deemed to occur when any person becomes a subsidiary of the Company by merger or consolidation, acquisition or otherwise.

Within 45 days after the end of the fiscal quarter in which any Indebtedness was incurred pursuant to this Section, the Company shall deliver to the Trustee and the Holders an Officers' Certificate setting forth the date of each such incurrence and the calculations by which each such

incurrence was determined to be permitted on that date and stating that such Indebtedness does not violate the provisions of Section 4.03.

SECTION 4.04. Limitation on Payment Restrictions Affecting Subsidiaries. The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, create or otherwise cause or suffer to exist or become effective any consensual restriction which by its terms expressly restricts any such Restricted Subsidiary from (i) paying dividends or making any other distributions on such Restricted Subsidiary's capital stock or paying any Indebtedness owed to the Company or any Restricted Subsidiary of the Company, (ii) making any loans or advances to the Company or any Restricted Subsidiary of the Company or (iii) transferring any of its property or assets to the Company or any Restricted Subsidiary of the Company, except (a) any restrictions existing under agreements in effect at the issuance of the Securities, (b) any restrictions under agreements evidencing the Senior Credit Agreements and Swap Obligations, (c) any restrictions under any agreement evidencing any Acquired Indebtedness of a Restricted Subsidiary of the Company incurred pursuant to Section 4.03, provided that such restrictions shall not restrict or encumber any assets of the Company or its Restricted Subsidiaries other than such Restricted Subsidiary and its subsidiaries, (d) in the case of clause (iii) above, customary nonassignment provisions entered into in the ordinary course of business consistent with past practice in leases and other contracts to the extent such provisions restrict the transfer or subletting of any such lease or the assignment of rights under such contract, (e) any restriction with respect to a Restricted Subsidiary of the Company imposed pursuant to an agreement which has been entered into for the sale or disposition of all or substantially all of the capital stock or assets of such Restricted Subsidiary, provided that consummation of such transaction would not result in a Default or Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into, (f) any encumbrance or restriction with respect to a Restricted Subsidiary that is a Foreign Subsidiary pursuant to an agreement relating to Indebtedness incurred by such Foreign Subsidiary if the incurrence of such Indebtedness is permitted pursuant to Section 4.03 and, at the time of incurrence of such Indebtedness, and after giving effect

thereto, the aggregate principal amount of the Indebtedness being incurred, together with all other outstanding Indebtedness of such Foreign Subsidiary incurred pursuant to this clause (f), does not exceed an amount equal to the sum of (x) 80% of the consolidated book value of the accounts receivable of such Foreign Subsidiary and (y) 60% of the consolidated book value of the inventories of such Foreign Subsidiary, or (g) any restrictions existing under any agreement which refinances any Indebtedness in accordance with the definition of "Refinancing Indebtedness", provided that the terms and conditions of any such agreement are not materially less favorable than those under the agreement creating or evidencing the Indebtedness being refinanced.

SECTION 4.05. Limitation on Creation of Liens. The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, create, incur, assume or suffer to exist any Liens upon any of their respective assets unless the Securities are secured by such assets on an equal and ratable basis with the obligation so secured until such time as such obligation is no longer secured by a Lien (provided that if the obligation secured by such Lien is subordinated to the Securities, the Lien securing such obligation shall be subordinate and junior to the Lien securing the Securities with the same relative priority as such subordinated obligations have with respect to the Securities), except for (i) Liens securing Senior Indebtedness that would be permitted to be incurred under clauses (a) and (b) of Section 4.03 if such Indebtedness were incurred on the date such Lien is granted; (ii) Liens with respect to Acquired Indebtedness, provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary of the Company other than the property or assets of the entity acquired, and provided further that such Liens were not incurred in connection with, or in contemplation of, the transactions giving rise to such Acquired Indebtedness; (iii) Liens securing Indebtedness which is incurred to refinance secured Indebtedness and which is permitted to be incurred under Section 4.03, provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary of the Company other than the property or assets securing the Indebtedness being refinanced; and (iv) Permitted Liens.

SECTION 4.06. No Senior Subordinated Indebtedness. The Company shall not issue, incur, create, assume, guarantee or otherwise become liable for any Indebtedness in

an aggregate principal amount in excess of $250,000,000 at any one time outstanding which is subordinate or junior in right of payment to any Indebtedness of the Company, including, without limitation, Indebtedness that refinances the Senior Subordinated Notes, unless such Indebtedness is pari passu with or subordinate in right of payment to the Securities.

SECTION 4.07. Transactions with Shareholders and Affiliates. The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, directly or indirectly, enter into or suffer to exist any transaction (an "Affiliate Transaction") (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of more than 10% of any class of equity securities of the Company or with any Affiliate of the Company or of any such holder (other than a Restricted Subsidiary of the Company or the Company), on terms that are less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction with an unrelated person. In addition, neither the Company nor any Restricted Subsidiary of the Company shall enter into any Affiliate Transaction or series of related Affiliate Transactions involving or having a value of more than $5,000,000, unless a majority of Disinterested Directors (or, if there are no Disinterested Directors, a majority of the Board of Directors) of the Company or such Restricted Subsidiary, as the case may be, determines in good faith pursuant to a Board Resolution that such Affiliate Transaction or series of related Affiliate Transactions is fair to the Company or such Restricted Subsidiary, as the case may be.

The foregoing provisions shall not apply to (i) any Restricted Payment permitted to be paid pursuant to Section 4.02 and (ii) payments of investment banking and financial advisory or consulting fees and other fees to Lehman Brothers Inc., The Cypress Group L.L.C. or any of their respective subsidiaries or Affiliates in connection with the sale of the Securities (or any refunding, refinancing or conversion thereof) and other customary investment banking and financial advisory or consulting fees.

SECTION 4.08. Sales of Assets. Subject to the provisions of Section 5.01, the Company shall not, and shall not permit any Restricted Subsidiary to, make any Asset Sale unless (i) the Company (or such Restricted Subsidiary, as

the case may be) receives consideration at the time of such sale at least equal to the fair market value of the shares or assets included in such Asset Sale (as determined in good faith by the Board of Directors, including valuation of all noncash consideration) and (ii) (x) either (A) the Net Cash Proceeds are reinvested within 12 months (or, pursuant to a determination of the Board of Directors, held pending reinvestment) in replacement assets or assets used in the Automotive Interior Business or used to purchase all of the issued and outstanding capital stock of a person engaged in such business or used to fund research and development costs or (B) if the Net Cash Proceeds are not applied or are not required to be applied as set forth in clause (ii)(x)(A) or if after applying such Net Cash Proceeds as set forth in clause (ii)(x)(A) there remain Net Cash Proceeds, such Net Cash Proceeds are applied within 12 months of the original receipt thereof to the permanent prepayment, repayment, retirement or purchase of Senior Indebtedness, the Subordinated Notes or Indebtedness of a Restricted Subsidiary, (y) if and to the extent that the gross proceeds from such Asset Sale (after giving effect to the application of clauses (ii)(x)(A) and (B), when added to the gross proceeds from all prior Asset Sales (not applied as set forth in clauses (ii)(x)(A) or (B))) exceeds $25,000,000, such proceeds are applied first to a repurchase offer to repurchase the Subordinated Notes pursuant to the indenture governing the Subordinated Notes and then to a Repurchase Offer (as defined below) to repurchase the Securities (on a pro rata basis with all other Indebtedness ranking pari passu in right of payment to the Securities (other than the Subordinated Notes)) at a purchase price equal to 100% of the principal amount thereof plus accrued interest to the date of prepayment and (z) if the aggregate principal amount tendered pursuant to a Repurchase Offer is less than the Repurchase Offer Amount (as defined below), such excess amount is applied for general corporate purposes; provided that when any noncash consideration is converted into cash, such cash shall then constitute Net Cash Proceeds and shall be subject to clause (ii) of this sentence.

To repurchase the Securities, the Company shall offer to purchase the Securities (the "Repurchase Offer"), on a specified date (the "Repurchase Date"), pursuant to the provisions hereof at a price equal to 100% of their principal amount, plus interest accrued to the Repurchase Date (the "Repurchase Price"). If the Repurchase Date is on or after a record date and on or before the related interest

payment date, then any accrued interest shall be paid to the person in whose name the Security is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Securities pursuant to the Repurchase Offer. Net Cash Proceeds allocable to the purchase of Securities will be accumulated and the Company shall be required to make a Repurchase Offer to the holders of Securities only if an aggregate amount (the "Repurchase Offer Amount") of at least $25,000,000 of such Net Cash Proceeds has been accumulated as of the first day of any fiscal quarter which amount has neither been paid nor set aside for the purchase of the Securities, other Indebtedness ranking pari passu in right of payment to the Securities (other than the Subordinated Notes), or the Subordinated Notes tendered in a prior Repurchase Offer or repurchase offer, as applicable, or reallocated for general corporate purposes as herein provided.

If the Company elects to commence a Repurchase Offer, or within 10 Business Days after the first day of each fiscal quarter in which the Company is obligated to make a Repurchase Offer, the Company shall deliver to the Trustee and send, by first class mail to each Holder at his last address as it appears upon the list of Holders maintained by the Registrar pursuant to Section 2.03 hereof, a written notice stating that the Holder may elect to have such Holder's Securities purchased by the Company either in whole or in part in integral multiples of $1,000 of principal amount, plus accrued interest thereon to the Repurchase Date. The notice shall specify a Repurchase Date which is at least 20 Business Days after the date of such notice and shall contain all instructions and materials necessary to enable such Holders to tender Securities pursuant to the Repurchase Offer, together with the information contained in the second following paragraph of this Section 4.08. Not later than the date upon which written notice of a Repurchase Offer is delivered to the Trustee, the Company shall deliver to the Trustee an Officers' Certificate as to (x) the Repurchase Offer Amount and the amount of accrued interest to the Repurchase Date, (y) the allocation of the Net Cash Proceeds from the Asset Sale or Asset Sales pursuant to which such Repurchase Offer is being made and (z) the compliance of such allocation with the provisions of this Section 4.08.

If the Company designates a depositary or a Paying Agent to receive tendered Securities on its behalf in the Repurchase Offer, the Company shall deposit with such deposi-

tary or Paying Agent, no later than the Repurchase Date, funds sufficient to pay for the Securities to be purchased in the Repurchase Offer. The depositary, the Paying Agent or the Company, as the case may be, shall, within five Business Days following the Repurchase Date, mail or deliver payment to each tendering Holder by check in an amount equal to the principal amount, plus accrued interest thereon to the Repurchase Date, of the Securities tendered by such Holder and accepted by the Company for purchase. Upon the expiration of the period for which the Repurchase Offer remains open, the depositary, the Paying Agent or the Company, as the case may be, shall deliver to the Trustee the Securities or portions thereof which have been properly tendered to and accepted for purchase by the Company. In addition, the Company shall deliver to the Trustee an Officers' Certificate stating that such Securities were accepted by the Company pursuant to and in accordance with the terms of this Section 4.08. The Trustee shall deliver to Holders whose Securities have been purchased only in part new Securities equal in principal amount to the portion not purchased of the Securities surrendered.

Holders electing to have a Security purchased shall be required to surrender the Security, with an appropriate letter of transmittal duly completed, which shall include the "Option of Holder to Elect Purchase" on the reverse of the Security, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice prior to the expiration of the period for which the Repurchase Offer remains open. Holders shall be entitled to withdraw their election to have their Securities purchased if the Company, the depositary or Paying Agent, as the case may be, receives, not later than two Business Days prior to the Repurchase Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased. If the aggregate principal amount of Securities tendered by Holders pursuant to the Repurchase Offer exceeds the Repurchase Offer Amount, the Company shall select the Securities to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Securities in denominations of $1,000 or integral multiples thereof shall be purchased). Holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

Whenever Net Cash Proceeds received by the Company and allocated for the repayment of the Securities exceeds $25,000,000, such Net Cash Proceeds shall be set aside by the Company in a separate account pending disbursement or reallocation pursuant to this Section 4.08. Such Net Cash Proceeds may be invested in Cash Equivalents; provided that the maturity date of such Cash Equivalents shall not be later than the Repurchase Date. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Cash Equivalents.

SECTION 4.09. Limitation on Issuance of Preferred Stock. The Company shall not permit any of its Restricted Subsidiaries to issue any preferred or preference stock (except to the Company or a wholly owned Restricted Subsidiary of the Company) or permit any person (other than the Company or any wholly owned Restricted Subsidiary of the Company) to hold any such preferred or preference stock unless the Company would be entitled to create, incur or assume Indebtedness pursuant to Section 4.03 in the aggregate principal amount equal to the aggregate liquidation value of the preferred or preference stock to be issued.

SECTION 4.10. Corporate Existence. Subject to Article V, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and that of each subsidiary of the Company and the rights (charter and statutory), licenses and corporate franchises of the Company and its subsidiaries; provided that the Company shall not be required to preserve any such existence (except of the Company), right, license or franchise if the Board of Directors of the Company or a duly authorized officer of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company or such subsidiary and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 4.11. SEC Reports; Reports to Holders. (a) The Company shall supply without cost to each Holder and shall file with the Trustee within 15 days after the Company files them with the SEC, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe), if any, which the Company is required to file with the SEC pursuant to

Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of TIA Section 314(a).

(b) So long as any of the Securities remain outstanding, if the Company is not required to file reports with the SEC, the Company shall prepare, for the first three quarters of each fiscal year, quarterly reports containing: (i) unaudited consolidated financial statements of the Company and its subsidiaries including, but not limited to, a balance sheet, a statement of operations, a statement of changes in financial position and all appropriate notes and (ii) management's discussion and analysis of the quarterly results. The Company shall also prepare, on an annual basis, complete audited consolidated financial statements including, but not limited to, the items referred to in (i) above and a consolidated statement of changes in stockholders' equity. Such annual reports will also include, to the extent such information would be required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, (1) management's discussion and analysis of the annual results, (2) a description of the business and properties of the Company and its subsidiaries focusing on material trends, events and changes during the year, (3) a description of all transactions with the Company and its subsidiaries by executive officers, directors, or holders of more than 10% of any class of equity securities of the Company or any of its subsidiaries, (4) a description of material litigation or claims against the Company or its subsidiaries, and (5) a description of any material loss or interference with the business of the Company and its subsidiaries from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree. All financial statements herein described shall be prepared in accordance with GAAP consistently applied (except as otherwise noted therein) and except for changes with which the Company's independent public accountants concur and except that quarterly statements may be subject to year-end adjustments and the absence or incompleteness of footnotes thereto. The Company shall cause a copy of such reports to be mailed to the Trustee within 60 days after the close of each of the first three quarters of each fiscal year and within 120 days after the close of each fiscal year, and promptly following receipt thereof the Trustee shall cause such reports to be mailed to each of the Holders of the Securities at such Holder's last address appearing on the register of the Securities.

(c) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.12. Compliance Certificates. (a) The Company shall deliver to the Trustee, within 60 days after the end of each of its first three fiscal quarters, an Officers' Certificate stating whether or not the signers know of any Default or Event of Default that occurred during such fiscal quarter. If they do know of such a Default or Event of Default, the certificate shall describe any such Default or Event of Default and its status. The first certificate to be delivered pursuant to this Section 4.12 shall be for the first fiscal quarter beginning after the execution of this Indenture.

(b) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officers' Certificate (one signatory to which shall be its principal executive officer, principal financial officer or principal accounting officer) stating that a review of the activities of the Company and its subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed, fulfilled and complied with its obligations, covenants and conditions under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge the Company has kept, observed, performed, fulfilled and complied with each and every covenant and condition contained in this Indenture and is not in default in performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he may have knowledge) and that to the best of such Officer's knowledge no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or if such an event has occurred and is continuing, specifying each such event known to such Officers and the nature and status thereof.

(c) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year written statements by the Company's independent certified public accountants stating as to the Company (A) that their audit examination has included a review of the terms of this Indenture and the Securities as they relate to accounting matters, and (B) whether, in connection with their audit examination, any Default or Event of Default has come to their attention and, if such a Default or Event of Default has come to their attention, specifying the nature and period of existence thereof; provided that, without any restriction as to the scope of such audit examinations, such independent certified public accountants shall not be liable by reason of any failure to obtain knowledge of any such Default or Event of Default that would not be disclosed in the course of any audit examination conducted in accordance with generally accepted auditing standards.

SECTION 4.13. Notice of Defaults. Upon the occurrence of any Default or Event of Default under this Indenture, the Company, promptly after it becomes aware thereof, shall deliver to the Trustee an Officers' Certificate specifying such Default or Event of Default and what action the Company or the relevant subsidiary of the Company is taking or proposes to take with respect thereto.

SECTION 4.14. Payment of Taxes and Other Claims. The Company shall pay or discharge or cause to be paid or discharged, before any penalty accrues thereon, (i) all material taxes, assessments and governmental charges levied or imposed upon the Company or any subsidiary of the Company or upon the income, profits or property of the Company or any subsidiary of the Company and (ii) all material lawful claims for labor, materials and supplies which, if unpaid, would by law become a Lien upon the property of the Company or any subsidiary of the Company; provided that none of the Company or any subsidiary of the Company shall be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claims the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate provision has been made or where the failure to affect such payment or discharge is not adverse in any material respect to the Holders.

SECTION 4.15. Maintenance of Properties and Insurance. The Company shall cause all material properties owned by or leased to it or any subsidiary of the Company

and used or useful in the conduct of its business or the business of such subsidiary to be maintained and kept in normal condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided that nothing in this Section 4.15 shall prevent the Company or any subsidiary of the Company from discontinuing the use, operation or maintenance of any such properties, or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Board of Directors of the Company or the subsidiary concerned, or of any officer (or other agent employed by the Company or any subsidiary of the Company) of the Company or such subsidiary having managerial responsibility for any such property, desirable in the conduct of the business of the Company or any subsidiary of the Company and if such discontinuance or disposal is not adverse in any material respect to the Holders.

The Company shall provide or cause to be provided, for itself and any subsidiaries of the Company, insurance (including appropriate self insurance) against loss or damage of the kinds customary for corporations similarly situated and owning like properties, including, but not limited to, public liability insurance, with reputable insurers or with the government of the United States of America or an agency or instrumentality thereof, in such amounts with such deductibles and by such methods as shall be customary for corporations similarly situated in the industry.

ARTICLE IVA

Unrestricted Subsidiaries

SECTION 4A.01. Unrestricted Subsidiaries. The Company may designate any Foreign Subsidiary of the Company to be an "Unrestricted Subsidiary" as provided below in which event such subsidiary and each other person that is then or thereafter becomes a subsidiary of such subsidiary will be deemed to be an Unrestricted Subsidiary. "Unrestricted Subsidiary" means (1) any subsidiary designated as such by the Board of Directors as set forth below and (2) any subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any subsidiary of the Company (including any newly acquired or newly formed subsidiary) to be an Unrestricted Subsidiary unless such subsidiary owns any capital stock of, or owns or holds any Lien on any property of, any other subsidiary of the Company which is not a subsidiary of the subsidiary to be so designated or otherwise an Unrestricted Subsidiary, provided that either (A) the subsidiary to be so designated has total assets of $5,000 or less or (B) if such subsidiary has assets greater than $5,000, the Investment resulting from such designation would be permitted under Section 4.02. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) the Company could incur $1.00 of additional Indebtedness under Section 4.03 and (y) no Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions, both within 15 days following such designation.

ARTICLE V

Merger, etc.

SECTION 5.01. When Company May Merge, etc. The Company shall not consolidate or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, any person unless: (1) the person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or disposition has been made, is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia; (ii) the corporation formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or disposition has been made, assumes by supplemental indenture satisfactory in form to the Trustee all the obligations of the Company under the Securities and this Indenture; (iii) immediately after such transaction, and giving effect thereto, no Default or Event of Default has occurred and is continuing; (iv) the Company or any corporation formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or disposition has been made,

has Consolidated Adjusted Net Worth (immediately after the transaction and giving effect thereto, excluding any write-ups of assets resulting from such consolidation or merger) at least equal to the Consolidated Adjusted Net Worth of the Company immediately preceding the transaction; (v) immediately after such transaction and giving effect thereto, the Company or any corporation formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or disposition shall have been made, shall be able to incur an additional $1.00 of Indebtedness pursuant to clause (b) of Section 4.03; and (vi) the Company has delivered to the Trustee (A) an Officers' Certificate (attaching the calculation to demonstrate compliance with clauses (iv) and (v) above) and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with this Section 5.01 and that all conditions precedent relating to such transaction have been complied with, and (B) a certificate from the Company's independent certified public accountants, stating that the Company has made the calculations required by clauses (iv) and (v) above.

SECTION 5.02. Successor Corporation Substituted. Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all the assets of the Company in accordance with Section 5.01, the successor corporation formed by such consolidation or into which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein. In the event of any such sale or conveyance, but not any such lease, the Company or any successor corporation which thereafter shall have become such in the manner described in this Article V shall be discharged from all obligations and covenants under this Indenture and the Securities and may be dissolved and liquidated.

ARTICLE VI

Defaults and Remedies

SECTION 6.01. Events of Default. An "Event of Default" occurs if:

(i) the Company defaults in the payment of interest on any Security when it becomes due and payable and such default continues for a period of 30 days, whether or not such payment shall be prohibited by the provisions of Article X hereof;

(ii) the Company defaults in the payment of the principal of any Security when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, whether or not such payment shall be prohibited by the provisions of Article X hereof;

(iii) the Company fails to comply with any of its other agreements or covenants in, or provisions of, the Securities or this Indenture and the Default continues for the period and after the notice specified below;

(iv) any Indebtedness of the Company or a Significant Subsidiary of the Company for borrowed money (or the payment of which is guaranteed by the Company or any Significant Subsidiary) having an outstanding principal amount of $25,000,000 or more in the aggregate, whether such Indebtedness now exists or shall hereafter be created, is declared to be due and payable prior to its stated maturity or failure by the Company or any Significant Subsidiary to pay the final scheduled principal installment in an amount of at least $25,000,000 in respect of any such Indebtedness on the stated maturity date thereof (after giving effect to any extension of such maturity date by the holder of such Indebtedness and after the expiration of any grace period in respect of such final scheduled principal installment contained in the instrument under which such Indebtedness is outstanding); provided that it shall not be an Event of Default under this clause (iv) if such Indebtedness which has been declared due and payable prior to its stated maturity is Indebtedness of a subsidiary the payment of which is guaranteed by the Letters of Credit;

(v) a final judgment or final judgments for the payment of money are entered by a court of competent jurisdiction against the Company or any subsidiary of the Company and such judgment remains undischarged and unbonded for a period (during which execution shall not be effectively stayed) of 60 days after judgment is entered; provided that the aggregate of all such judgments exceeds $25,000,000;

(vi) the Company or any Significant Subsidiary of the Company, pursuant to or within the meaning of any Bankruptcy Law: (A) commences a voluntary case or proceeding, (B) consents to the entry of an order for relief against it in an involuntary case or proceeding, (C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or (D) makes a general assignment for the benefit of its creditors; or

(vii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (A) is for relief against the Company or any Significant Subsidiary of the Company in an involuntary case or proceeding, (B) appoints a Custodian for the Company or any Significant Subsidiary of the Company or for all or substantially all of the Company's or any Significant Subsidiary's property, or (C) orders the liquidation of the Company or any Significant Subsidiary of the Company;

and in case of (vii) the order or decree remains unstayed and in effect for 60 days.

The term "Bankruptcy Law" means Title 11 of the U.S. Code or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

A Default under clause (iii) of this Section 6.01 is not an Event of Default until the Trustee notifies the Company in writing, or the Holders of at least 25% in principal amount of the Securities then outstanding notify the Company and the Trustee, in writing, of the Default, and the Company does not cure the Default within 30 days after receipt of the notice; provided that a Default by the Company with respect to the provisions of either Article V or XI of this Indenture shall constitute an Event of Default

immediately upon such notification and without passage of time. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default". Such notice to the Company shall be given by the Trustee if so requested in writing by the Holders of at least 25% of the principal amount of the Securities then outstanding.

Except for a Default under Section 6.01(i) or (ii) of this Indenture, the Trustee shall not be deemed to know of a Default unless a Trust Officer has actual knowledge of such Default or receives written notice of such Default with specific reference to such Default.

SECTION 6.02. Acceleration. Subject to Article X, if an Event of Default (other than an Event of Default specified in clause (vi) or (vii) of Section 6.01) occurs and is continuing, the Trustee or the Holders of at least 25% of the principal amount of the Securities then outstanding, by written notice to the Company (and the Agent Bank, so long as the Indebtedness under the Senior Credit Agreements is outstanding) (and the Senior Subordinated Notes Trustee, so long as the Indebtedness under the Senior Subordinated Notes is outstanding) may declare due and payable 100% of the principal amount of the Securities plus any accrued interest to the date of payment. Upon a declaration of acceleration, such principal and accrued interest to the date of such acceleration shall be due and payable upon the first to occur of (i) an acceleration under the Senior Credit Agreements (or any refunding or refinancing thereof), or (ii) five Business Days after notice of such declaration is given to the Company (and the Agent Bank, so long as the Indebtedness under the Senior Credit Agreements is outstanding) (and the Senior Subordinated Notes Trustee, so long as the Indebtedness under the Senior Subordinated Notes is outstanding); provided that, if the Event of Default giving rise to such acceleration is cured before the earlier to occur of (i) or (ii), such notice of acceleration and its consequences shall be deemed rescinded and annulled. In the event of a declaration of acceleration under this Indenture because an Event of Default set forth in Section 6.01(iv) has occurred and is continuing, such declaration of acceleration shall be automatically annulled if the Holders of the Indebtedness which is the subject of such Event of Default have rescinded their declaration of acceleration in respect of such Indebtedness within 90 days thereof or all amounts payable in respect of such Indebtedness have been paid and such

Indebtedness has been discharged during such 90-day period and if (i) the annulment of such acceleration would not conflict with any judgment or decree of a court of competent jurisdiction, (ii) all existing Events of Default, except nonpayment of principal or interest that has been due solely because of the acceleration, have been cured or waived, and (iii) the Company has delivered an Officers' Certificate to the Trustee to the effect of clauses (i) and (ii) of this sentence. If an Event of Default specified in clause (vi) or (vii) of Section 6.01 with respect to the Company occurs, all unpaid principal and accrued interest on the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of a majority of the outstanding principal amount of the Securities by written notice to the Trustee may rescind an acceleration and its consequences if (i) all existing Events of Default other than the nonpayment of principal of or interest on the Securities which have become due solely because of the acceleration, have been cured or waived and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon the Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults. Subject to Sections 6.02, 6.07 and 9.02, the Holders of at least a majority in principal amount of the Securities then outstanding by notice to the Trustee may waive an existing Default or Event of Default and its consequences, except a Default in the nonpayment of the principal of or interest on

any Security as specified in clauses (i) or (ii) of Section 6.01. When a Default or Event of Default is waived, it is cured and ceases.

SECTION 6.05. Control by Majority. The Holders of at least a majority in principal amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability.

SECTION 6.06. Limitation on Suits. A Holder may not pursue a remedy with respect to this Indenture or the Securities unless: (i) the Holder gives to the Trustee written notice of a continuing Event of Default; (ii) the Holders of at least 25% in principal amount of the Securities then outstanding make a written request to the Trustee to pursue the remedy; (iii) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability, cost or expense; (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and (v) during such 60-day period the Holders of at least a majority in principal amount of the Securities then outstanding do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.07. Rights of Holders To Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of principal of or interest on the Security on or after the respective due dates expressed or provided for in the Security, subject to the provisions of Article X, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(i) or (ii) occurs and is continuing, the Trustee may recover judgement in its

own name and as trustee of an express trust against the Company or any other obligor on the Securities for the whole amount of principal and accrued interest remaining unpaid on the Securities. The Company or any other obligor on the Securities shall pay interest on overdue principal (including interest accruing on or after the filing of any petition in bankruptcy or reorganization relating to the Company or any other obligor on the Securities, whether or not a claim for post-filing interest is allowed in such proceeding), and the Company or any other obligor on the Securities shall pay interest on overdue installments of interest, to the extent permitted by law (including interest accruing on or after the filing of any petition in bankruptcy or reorganization relating to the Company or any other obligor on the Securities, whether or not a claim for post-filing interest is allowed in such proceeding), in each case at the rate then borne by the Securities, and such further amount as shall be sufficient to cover the costs and expense of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceeding relative to the Company (or any other obligor upon the Securities), its creditors or its property and shall be entitled and empowered to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Any term or provision of this Section 6.09 to the contrary notwithstanding, if any judicial proceeding re-

ferred to above is commenced by or against the Company, and if the Trustee does not file a proper claim or proof of claim in the form required in such judicial proceedings prior to 30 days before the expiration of time to file such claims or proofs, unless such claim is either deemed filed or need not be filed in order for such claim to be allowed under applicable law, rules or regulations, then so long as any Senior Indebtedness remains outstanding, (i) the Agent Bank or a Representative, on behalf of the holders and owners of the Senior Indebtedness, as their interests may appear, is hereby authorized and empowered (in its own name or in the name of the Trustee or any Holder or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution received in respect of any such proceeding and give acquittance therefor and to file claims and proofs of claim, as their interests may appear, and (ii) to the extent permitted by applicable laws, rules or regulations, the Trustee shall duly and promptly take, on behalf of holders of the Senior Indebtedness, as their interests may appear, such action as the Agent Bank or such Representative may request (a) to collect all amounts payable by the Company in respect of the Securities and to file appropriate claims or proofs of claim in respect of such Securities, (b) to execute and deliver to the Agent Bank or such Representative such assignments or other instruments as it may request (other than an instrument allowing the Agent Bank or such Representative to vote the Securities) in order to enable it to enforce any and all claims with respect to all amounts payable in respect of the Securities to which they are entitled under the Indenture, and (c) to collect and receive any and all payments with respect to all amounts payable in respect of the Securities to which they are entitled under the Indenture.

SECTION 6.10. Priorities. If the Trustee collects any money pursuant to this Article VI, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to holders of Senior Indebtedness in accordance with Article X hereof;

THIRD: to Holders for amounts due and unpaid on the Securities for principal and interest, ratably, without preference or priority of any kind, according

to the amounts due and payable on the Securities for principal and interest, respectively; and

FOURTH: to the Company or any other obligors on the Securities, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Securities then outstanding.

SECTION 6.12. Parties May Be Restored to Former Position and Rights in Certain Circumstances. In the event the Trustee shall have proceeded to enforce any right under this Indenture by suit, foreclosure or otherwise and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then in every such case, the Company and the Trustee shall be restored without further act to their respective former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken, except to the extent determined in litigation adversely to the Trustee.

ARTICLE VII

Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in

their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default: (1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee, and (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not, on their face, they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct except that: (1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01, (2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer or other officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts, and (3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (e) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability, cost or expense (including, without limitation, reasonable fees of counsel).

(f) The Trustee shall not be obligated to pay interest on any money received by it unless otherwise agreed in writing with the Company. Money held in trust by the

Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee. (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) The Trustee may consult with counsel of its selection and the advice of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture, the Securities; it shall not be accountable for the Company's use of the proceeds from the Securities,

or any money paid to the Company upon the Company's direction under any provision hereof; it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee; and it shall not be responsible for the recitals herein and in the Securities or any other statement of the Company in this Indenture or any statement in the Securities other than its certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in payment of any Security (including any failure to make any mandatory redemption payment required hereunder), the Trustee may withhold the notice if and so long as it in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 7.06. Reports by Trustee to Holders. Within 60 days after each June 15 beginning with , 1997, the Trustee shall mail to Holders a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). Commencing at such time, the Trustee also shall comply with TIA Section 313(b)(2). The Trustee shall also transmit reports required by TIA Section 313 by mail as required by TIA Section 313(c).

A copy of each report at the time of its mailing to Holders shall be filed with the SEC, if required, and each stock exchange, if any, on which the Securities are listed. The Company shall promptly notify the Trustee when the Securities are listed on any stock exchange.

SECTION 7.07. Compensation and Indemnity. The Company shall pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for its services hereunder. If the Trustee acts as Paying Agent pursuant to Section 2.03 hereof, the Company shall pay the Trustee additional compensation for so acting as paying agent. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable disbursements, advances and expenses incurred by it, including in particu-

lar, but without limitation, those incurred in connection with the enforcement of any remedies hereunder. Such expenses may include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

Except as set forth in the next paragraph, the Company shall indemnify and hold harmless each of the Trustee and any predecessor Trustee, its directors, officers, employees and agents against any and all loss, damage, claim, liability, cost, including taxes (other than taxes based on the income of the Trustee), or expense (including, without limitation, fees and expenses of counsel) incurred by it arising out of or in connection with the acceptance or administration of the trust under this Indenture, including without limitation the costs and expenses of defending itself against any claim of liability in connection with the exercise or performance of, or failure to exercise or perform, any of its powers or duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend such claim and the Trustee shall cooperate in such defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel.

The Company need not reimburse any expense or indemnify against any loss, liability, cost or expense incurred by the Trustee through negligence, wilful misconduct or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the principal of and interest on particular Securities. Such obligations shall survive the satisfaction and discharge of the Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in clause (vi) or (vii) of Section 6.01 occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor

Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company. The Company may remove the Trustee if: (i) the Trustee fails to comply with Section 7.10 or TIA Section 310; (ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law; (iii) a Custodian or public officer takes charge of the Trustee or its property; or (iv) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Company shall promptly appoint a successor Trustee. The Trustee shall be entitled to payment of its fees and reimbursement of its expenses while acting as Trustee. Within one year after the successor Trustee takes office, the Holders of at least a majority in principal amount of then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee if: (i) the Trustee fails to comply with Section 7.10 or TIA Section 310; (ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law; (iii) a Custodian or public officer takes charge of the Trustee or its property; or (iv) the Trustee becomes incapable of acting.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the

Trustee under this Indenture. The Company shall mail a notice of the successor Trustee's succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee with respect to expenses, losses and liabilities incurred by it prior to such replacement.

SECTION 7.09. Successor Trustee by Merger, Etc. Subject to Section 7.10, if the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or national banking association, the successor entity without any further act shall be the successor Trustee. In case any Securities have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation of such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 7.10. Eligibility; Disqualification. There shall at all times be a Trustee hereunder which shall (i) be a corporation organized and doing business under the laws of the United States of America or of any state thereof or the District of Columbia, (ii) be authorized under such laws to exercise corporate trust powers, (iii) be subject to supervision or examination by Federal or state authority or a District of Columbia authority and (iv) have combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

Subject to the preceding paragraph, this Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1) and (5). The Trustee is subject to TIA Section 310(b).

SECTION 7.11. Preferential Collection of Claims Against the Company. The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VIII

Discharge of Indenture

SECTION 8.01. Discharge of Liability on Securities; Defeasance. (a) When (i) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07, it being understood that such Securities are no longer outstanding) for cancellation or (ii) all outstanding Securities have become due and payable, and the Company irrevocably deposits with the Trustee funds or U.S. Government Obligations sufficient (without reinvestment thereof) to pay at maturity all outstanding Securities, including all interest thereon to the date of such deposit (in the case of Securities which have become due and payable) or to the stated maturity or Redemption Date, as the case may be (other than Securities replaced pursuant to Section 2.07, it being understood that such Securities are no longer outstanding), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Sections 8.01(c), 8.02 and 8.06, cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article VIII have been complied with, and at the cost and expense of the Company.

(b) Subject to Sections 8.01(c), 8.02 and 8.06, the Company at any time may terminate (i) all its obligations under the Securities and this Indenture ("legal defeasance option") or (ii) its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09 and 11.01 (the "covenant defeasance option"). The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Company exercises its legal defeasance option, payment of the Securities may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default arising from a violation of any of Sections 4.02 through 4.09 or 11.01.

Upon satisfaction of the conditions set forth herein and upon request of the Company, the Trustee shall acknowledge in writing the discharge of those obligations that the Company terminates.

(c) Notwithstanding clause (a) or the exercise of the legal defeasance option as set forth above, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.13, 7.07, 7.08, 8.04, 8.05 and 8.06 shall survive until the Securities have been paid in full. Thereafter, the Company's obligations in Sections 7.07, 8.04 and 8.05 shall survive.

SECTION 8.02 Conditions to Defeasance. The Company may exercise its legal defeasance option or its covenant defeasance option only if:

(1) the Company irrevocably deposits in trust with the Trustee for the benefit of the Holders money or U.S. Government Obligations maturing as to principal of and interest in such amounts and at such times as are sufficient to pay principal of, premium, if any, and interest on the then outstanding Securities to maturity or redemption, as the case may be;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal of, premium, if any, and interest when due on all the Securities to maturity or redemption, as the case may be;

(3) 123 days pass after the deposit is made and during the 123-day period no Default specified in Section 6.01(vi) or (vii) with respect to the Company occurs which is continuing at the end of the period;

(4) no Default has occurred and is continuing on the date of such deposit and after giving effect thereto;

(5) the deposit does not constitute a default under any other agreement binding on the Company and is not prohibited by Article X;

(6) in the case of the exercise of its legal defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel or the Company shall have received from, or there has been published by, the Internal Revenue Service, a ruling, in each case stating that, based on Federal income tax laws then in effect, Holders shall not recognize income, gain or loss for Federal income tax purposes as a result of the Company's exercise of such option and shall be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such option had not been exercised; and

(7) the Company delivers to the Trustee promptly after the end of the period referred to in clause (3) above an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and, in the case of the legal defeasance option, the discharge of the Securities as contemplated by this Article VIII, have been complied with.

SECTION 8.03. Application of Trust Money. The Trustee shall hold in trust the money or U.S. Government Obligations deposited with it pursuant to this Article VIII. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities. Money and U.S. Government Obligations held in trust are not subject to Article X.

SECTION 8.04. Repayment to Company. The Trustee and the Paying Agent shall promptly pay to the Company upon written request any excess money or securities held by them at any time, provided that such request need not be honored if to do so would require the liquidation of any U.S. Government Obligations held pursuant to this Article.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request of the Company any money held by it for the payment of principal of or interest on the Securities that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

SECTION 8.05. Indemnity for Government Obligations. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or

assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any money in accordance with this Article VIII by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article VIII until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article VIII; provided, however, that, if the Company has made any payment of principal of, or interest on, any Security because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE IX

Amendments

SECTION 9.01. Without Consent of Holders. The Company and the Trustee may amend this Indenture or the Securities without the consent of any Holder: (i) to cure any ambiguity, defect or inconsistency or make any change required to qualify the Indenture under the TIA; provided that such change does not adversely affect the rights hereunder of any Holder; (ii) to comply with Section 5.01; (iii) to provide for uncertificated Securities in addition to certificated Securities; or (iv) to make any change that does not adversely affect the rights hereunder of any Holder.

SECTION 9.02. With Consent of Holders. The Company and the Trustee may amend this Indenture or the Securities or waive compliance in any particular instance with any provision of this Indenture or the Securities, in each case with the written consent of the Holders of at least a majority in principal amount of the then outstanding Securities. Upon the request of the Company, accompanied by a Board Resolution of the Company authorizing the execution of any such supplemental indenture, and upon the filing with

the Trustee of evidence of the consent of the Holders as aforesaid, the Trustee, subject to Section 9.06, shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment or waiver under this Section becomes effective, the Company shall mail to the Holder of each Security affected thereby and to the Agent Bank a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment or waiver.

Without the consent of each Holder affected, an amendment or waiver under this Section may not: (i) reduce the principal amount of Securities whose Holders must consent to an amendment or waiver; (ii) reduce the rate of or change the time for payment of interest, including Defaulted Interest, on any Security; (iii) reduce the principal of or change the fixed maturity of any Security or alter the redemption provisions with respect thereto; (iv) make any Security payable in money other than that stated in the Security; (v) make any change in Section 6.04, 6.07 or this sentence; (vi) make any change in Article X that affects the rights of any Holder; or (vii) release the Company from any of its Obligations hereunder.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Securities shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents. Until an amendment or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of a Security if the Trustee receives written notice of revocation before the date the amendment or waiver becomes effective. An amendment or waiver becomes effective

in accordance with its terms and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment or waiver. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those persons who were Holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment or waiver or to revoke any consent previously given, whether or not such persons continue to be Holders after such record date. The consent shall expire 90 days after such record date unless prior to such date it becomes effective.

SECTION 9.05. Notation on or Exchange of Securities. The Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company in exchange for all Securities may issue, and the Trustee shall authenticate, new Securities that reflect the amendment or waiver.

SECTION 9.06. Trustee To Sign Amendments, etc. The Trustee shall sign any amendment authorized pursuant to this Article IX if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not sign it. In signing or refusing to sign such amendment, the Trustee shall be entitled to receive and shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment is authorized or permitted by this Indenture.

ARTICLE X

Subordination

SECTION 10.01. Securities Subordinated to Senior Indebtedness. Notwithstanding the provisions of Sections 6.02 and 6.03 hereof, the Company covenants and agrees, and the Trustee and each Holder of the Securities by his acceptance thereof likewise covenants and agrees, that all payments of the principal of and interest on the Securities by the Company shall be subordinated in accordance with the provisions of this Article X to the prior and

indefeasible payment in full, in cash or cash equivalents, of all Obligations with respect to Senior Indebtedness.

SECTION 10.02. Priority and Payment Over of Proceeds in Certain Events. (a) Upon any payment or distribution of assets or securities of the Company, as the case may be, of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all Obligations with respect to Senior Indebtedness shall first be indefeasibly paid in full in cash, or payment provided for in cash or cash equivalents, before the Holders or the Trustee on behalf of the Holders shall be entitled to receive any payment of principal of or interest on the Securities or distribution of any assets or securities. Before any payment may be made by the Company of the principal of or interest on the Securities pursuant to the provisions of the previous sentence, and upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee on their behalf would be entitled, except for the provisions of this Article X, shall be made by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, directly to the holders of the Senior Indebtedness or their Representatives to the extent necessary to pay all such Senior Indebtedness in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

(b) No direct or indirect payment by or on behalf of the Company of principal of or interest on the Securities whether pursuant to the terms of the Securities or upon acceleration or otherwise shall be made if, at the time of such payment, (i) there exists a default in the payment of any Obligations with respect to Senior Indebtedness or the maturity of such Senior Indebtedness has been accelerated or (ii) any judicial proceeding shall be pending with respect to a default on Senior Indebtedness (and the Trustee has received written notice thereof), and such default shall not have been cured or waived or the benefits of this sentence waived by or on behalf of the holders of such Senior Indebtedness. In addition, during the continuance of any other event of default with respect to (i) the Senior Credit Agreements pursuant to which the maturity thereof may be

accelerated, upon (a) receipt by the Trustee of written notice from the Agent Bank (or any Representative of any Senior Indebtedness under any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements so long as amounts outstanding under such agreement are in excess of $50,000,000), or (b) if such event of default results from the acceleration of the Securities, on the date of such acceleration, no such payment may be made by the Company upon or in respect of the Securities for a period ("Payment Blockage Period") commencing on the earlier of the date of receipt of such notice or the date of such acceleration and ending 119 days thereafter (unless such Payment Blockage Period shall be terminated by written notice to the Trustee from the Agent Bank and any Representative of any Senior Indebtedness under any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements so long as amounts outstanding under such agreement are in excess of $50,000,000) or (ii) any other Specified Senior Indebtedness upon receipt by the Company of written notice from the Representative for the holders of such Specified Senior Indebtedness, no such payment may be made by the Company upon or with respect to the Securities for a Payment Blockage Period commencing on the date of the receipt of such notice and ending 119 days thereafter (unless such Payment Blockage Period shall be terminated by written notice to the Company from such Representative commencing such Payment Blockage Period). Notwithstanding anything herein to the contrary, in no event will any one Payment Blockage Period extend beyond 179 days from the date the payment on the Securities was due. Not more than one Payment Blockage Period may be commenced with respect to the Securities during any period of 360 consecutive days; provided that as long as amounts outstanding under the Senior Credit Agreements or any agreement which refinances or refunds any portion of the Indebtedness outstanding under the Senior Credit Agreements are in excess of $50,000,000, the commencement of a Payment Blockage Period by the holders of the Specified Senior Indebtedness other than the Senior Credit Agreements shall not bar the commencement of a Payment Blockage Period by the Agent Bank within such period of 360 days. For all purposes of this Section 10.02(b), no event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Specified Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the Representative of such Specified Senior Indebtedness whether

or not within a period of 360 consecutive days unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days.

If payments with respect to both the Securities and Senior Indebtedness become due on the same day, then all Obligations with respect to such Senior Indebtedness due on that date shall first be paid in full before any payment is made with respect to the Securities.

(c) In the event that, notwithstanding the foregoing provision prohibiting such payment or distribution, the Trustee or any Holder shall have received any payment on account of the principal of or interest on the Securities at a time when such payment is prohibited by this Section 10.02 and before all Obligations with respect to Senior Indebtedness are paid in full, then, and in such event (subject to the provisions of Section 10.08), such payment or distribution shall be received and held in trust for the holders of Senior Indebtedness and, upon notice to the Trustee from the Representative of the holders of the Senior Indebtedness and pursuant to the directions of such Representative, shall be paid over or delivered to the holders of the Senior Indebtedness remaining unpaid to the extent necessary to pay in full in cash or cash equivalents all Obligations with respect to such Senior Indebtedness in accordance with its terms after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

If there occurs an event referred to in Section 10.02(a) or (b), the Company shall promptly give the Trustee an Officers' Certificate (on which the Trustee may conclusively rely) identifying all holders of Senior Indebtedness and the principal amount of Senior Indebtedness then outstanding held by each such holder and stating the reasons why such Officers' Certificate is being delivered to the Trustee.

Nothing contained in this Article X shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Section 6.02 or to pursue any rights or remedies hereunder; provided that all Obligations with respect to Senior Indebtedness then or thereafter due or declared to be due shall first be paid in full before the Holders or the Trustee are entitled to receive any payment from the Company of principal of or interest on the Securities.

Upon any payment or distribution of assets or securities referred to in this Article X, the Trustee and the Holders shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to the Trustee for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article X.

SECTION 10.03. Payments May Be Paid Prior to Dissolution. Nothing contained in this Article X or elsewhere in this Indenture shall prevent (i) the Company, except under the conditions described in Section 10.02, from making payments at any time for the purpose of making such payments of principal of and interest on the Securities, or from depositing with the Trustee any moneys for such payments, or (ii) without limiting the last sentence of Section 8.03, the application by the Trustee of any moneys deposited with it for the purpose of making such payments of principal of and interest on the Securities, to the Holders entitled thereto unless at least two Business Days prior to the date upon which such payment would otherwise become due and payable, the Trustee shall have received the written notice provided for in Section 10.02(b) or in Section 10.09. The Company shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Company.

SECTION 10.04. Rights of Holders of Senior Indebtedness Not To Be Impaired. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act in good faith by any such holder, or by any noncompliance by the Company, with the terms and provisions and covenants herein regardless of any knowledge thereof any such holder may have or otherwise be charged with.

The provisions of this Article X are intended to be for the benefit of, and shall be enforceable directly by, the holders of the Senior Indebtedness.

SECTION 10.05. Authorization to Trustee To Take Action To Effectuate Subordination. Each Holder of Securities by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Indebtedness and the Holders, the subordination as provided in this Article X and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 10.06. Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders or owners of Senior Indebtedness, the distribution may be made and the notice given to their Representative.

SECTION 10.07. Subrogation. Subject to the subrogation rights of the holders of the Subordinated Notes provided for in the indenture relating thereto, upon the payment in full of all Obligations in respect of Senior Indebtedness, the Holders shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Company to the holders of Senior Indebtedness until the principal of and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders would be entitled except for the provisions of this Article X, and no payment over pursuant to the provisions of this Article X to the holders of Senior Indebtedness by the Holders, shall, as among the Company, its creditors other than the holders of Senior Indebtedness and the Holders, be deemed to be a payment or distribution by the Company to or on account of Senior Indebtedness.

The provisions of this Article X are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Indebtedness, on the other hand.

If any payment or distribution to which the Holders would otherwise have been entitled but for the provisions of this Article X shall have been applied, pursuant to the provisions of this Article X, to the payment of all amounts payable under Senior Indebtedness, then and in such case, the Holders, subject to the subrogation rights of the holders of the Subordinated Notes provided for in the indenture relating thereto, shall be entitled to receive

from the holders of such Senior Indebtedness at the time outstanding any payments or distributions received by such holders of Senior Indebtedness in excess of the amount sufficient to pay all Obligations in respect of Senior Indebtedness in full.

SECTION 10.08. Obligations of Company Unconditional. Nothing contained in this Article X or elsewhere in this Indenture or in any Security is intended to or shall impair, as between the Company and the Holders, the obligations of the Company, which are absolute and unconditional, to pay to the Holders the principal of and interest on the Securities as and when the same shall become due and payable in accordance with their terms or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of Senior Indebtedness, subject to the subrogation rights of the holders of the Subordinated Notes provided for in the indenture relating thereto, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon Default under this Indenture, subject to the rights, if any, under this Article X of the holders of such Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

The failure to make a payment on account of principal of or interest on the Securities by reason of any provision of this Article X shall not be construed as preventing the occurrence of an Event of Default under Section 6.01.

SECTION 10.09. Trustee Entitled To Assume Payments Not Prohibited in Absence of Notice. The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Neither the Trustee nor the Paying Agent shall at any time be charged with the knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee or the Paying Agent, unless and until the Trustee or Paying Agent shall have received written notice thereof from the Company or one or more holders of Senior Indebtedness or from any Representative therefor; and, prior to the receipt of any such written notice, the Trustee or Paying Agent shall be entitled to assume conclusively that no such facts exist. Unless at least two Business Days prior to the date on which by the terms of this Indenture any moneys are to be

deposited by the Company with the Trustee or any Paying Agent (whether or not in trust) for any purpose (including, without limitation, the payment of the principal of or the interest on any Security), the Trustee or Paying Agent shall have received with respect to such moneys the notice provided for in the preceding sentence, the Trustee or Paying Agent shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary which may be received by it on or after such date. Without limiting the last sentence of Section 8.03, nothing contained in this Section 10.09 or Section 10.03(ii) shall limit the right of the holders of Senior Indebtedness to recover payments as contemplated by Section 10.02. The Trustee shall be entitled to rely on the delivery to it of a written notice by a person representing himself or itself to be a holder of such Senior Indebtedness (or a trustee on behalf of, or Representative of, such holder) to establish that such notice has been given by a holder of such Senior Indebtedness or a trustee or Representative on behalf of any such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article X, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article X, and if such evidence is not furnished, the Trustee may defer any payment which it may be required to make for the benefit of such person pursuant to the terms of this Indenture pending judicial determination as to the rights of such person to receive such payment.

The Trustee shall not be deemed to owe any duty to the holders of Senior Indebtedness and shall not be liable to any such holders if the Trustee shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article X or otherwise. With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article X and no implied covenants or obligations with

respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee.

SECTION 10.10. Right of Trustee To Hold Senior Indebtedness. The Trustee and any Agent shall be entitled to all of the rights set forth in this Article X in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of such Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee or any Agent of any of its rights as such holder. Nothing in this Article X shall apply to claims of, or payments to, this Trustee under or pursuant to Section 7.07.

ARTICLE XI

Right To Require Repurchase

SECTION 11.01. Repurchase of Securities at Option of the Holder upon Change of Control Triggering Event. (a) Upon the occurrence of a Change of Control Triggering Event, each Holder of Securities shall have the right to require that the Company repurchase such Holder's Securities in whole or in part in integral multiples of $1,000, at a purchase price (the "Purchase Price") in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, in accordance with the procedures set forth in Subsections (b) and (c) of this Section.

(b) Within 30 days following any Change of Control Triggering Event, the Company shall send by first- class mail, postage prepaid, to the Trustee and to each Holder of the Securities at his or her address appearing in the Securities register, a notice stating:

(1) that a Change of Control Triggering Event has occurred and that such Holder has the right to require the Company to repurchase such Holder's Securities at the Purchase Price;

(2) the circumstances and relevant facts regarding such Change of Control Triggering Event (including but not limited to information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control Triggering Event);

(3) a purchase date (the "Purchase Date") which shall be no fewer than 30 days nor more than 60 days from the date such notice is mailed or if not a Business Day, the next following Business Day;

(4) the Purchase Price;

(5) the place at which Securities are to be presented and surrendered for purchase;

(6) that interest accrued to the Purchase Date will be paid upon such presentation and surrender and that, unless the Company shall default in payment of the Purchase Price, after said Purchase Date interest thereon will cease to accrue with respect to any Securities presented and surrendered for purchase;

(7) that any Security not tendered will continue to accrue interest;

(8) that Holders of Securities electing to have any Securities purchased pursuant to a Change of Control Triggering Event will be required to surrender the Securities to the Paying Agent on the 15th day prior to the Purchase Date; and

(9) that Holders of Securities whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered; provided that each Security purchased and each such new Security issued by the Company shall be, in a principal amount of $1,000 or integral multiples thereof.

(c) Prior to the mailing by the Company of the notice described in subsection (b) above and if any Senior Indebtedness under the Senior Credit Agreements is outstanding, the Company shall either (i) repay in full all such Senior Indebtedness under the Senior Credit Agreements or offer to repay in full all such Senior Indebtedness under the Senior Credit Agreements and repay the Senior Indebtedness of each Bank that has accepted such offer or (ii) if any such Senior Indebtedness under the Senior Credit Agreements is not repaid, obtain the requisite consent of the applicable Bank or Banks under the Senior Credit Agreements, in both cases so as to permit the repurchase of the Securities pursuant to this Section. The Company shall first comply with the covenant in the preceding sentence

before it shall be required to repurchase Securities pursuant to a Change of Control Triggering Event; provided, however, that the failure to repurchase Securities pursuant to a Change of Control Triggering Event because of the failure to comply with such covenant shall not thereby be excused and shall constitute a Default pursuant to Section 6.01. A failure to comply with the covenant referred to in the preceding sentence shall also constitute a Default pursuant to Section 6.01.

(d) Holders of Securities electing to have such Securities purchased will be required to give notice thereof no fewer than 15 days before the Purchase Date and to surrender such Securities to the Paying Agent at the address specified in the Company's notice by the close of business on the fifteenth day prior to the Purchase Date. Any such notice and surrender of Securities for purchase by the Company shall be irrevocable. No such Securities shall be deemed to have been presented and surrendered until such Securities are actually received by the Company or its designated agent. Holders of the Securities whose Securities are purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(e) Notwithstanding anything to the contrary herein or in the Securities, the Company shall not be obligated to give notice to Holders of Securities or to purchase Securities with respect to more than one Change of Control Triggering Event.

(f) Notwithstanding any other provisions of this Section, there shall be no repurchase of any Securities pursuant to this Section if there has occurred (prior to, on or after the giving, by the Holders of such Securities, of the required notice) and is continuing an Event of Default or if such repurchase is prohibited by Article X of this Indenture. The foregoing shall in no way limit the occurrence of an Event of Default or the right to demand payment of the Securities upon acceleration thereafter.

SECTION 11.02. Covenant To Comply with Securities Laws upon Purchase of Securities. In connection with any purchase of Securities under Section 11.01, the Company shall, to the extent then applicable and required by law, (i) comply with Rule 13e-4 and Rule 14e-1 (which term, as used herein, includes any successor provision thereto) under the Exchange Act and (ii) otherwise comply with all Federal

and state securities laws so as to permit the rights and obligations under Section 11.01 to be exercised in the time and in the manner specified in Section 11.01.

ARTICLE XII

Miscellaneous

SECTION 12.01. Trust Indenture Act Controls. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an "incorporated provision") included in this Indenture by operation of, Sections 310 to 318, inclusive, of the TIA, such imposed duties or incorporated provision shall control.

SECTION 12.02. Notices. Any notice or communication to the Company or the Trustee is duly given if in writing and delivered in person or mailed by first-class mail to the address set forth below:

If to the Company:

Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48086-5008

Attention of Chief Financial Officer or Treasurer

with a copy to:

Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

Attention of Bruce Toth, Esq.

If to the Trustee:

The Bank of New York
101 Barclay Street, Floor 21 West
New York, New York 10286

Attention of Corporate Trust Trustee Administration

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder shall be mailed by first-class mail to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed or sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it, except that notice to the Trustee shall only be effective upon receipt thereof by the Trustee.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 12.03. Communication by Holders with Other Holders. Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 12.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee: (i) an Officers' Certificate (which shall include the statements set forth in Section 12.05) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and (ii) an Opinion of Counsel reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 12.05. Statements Required in Certificate or Opinion. Each certificate (other than certificates provided pursuant to Section 4.12(b)) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person making such certificate or opinion has read and

understands such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 12.06. Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or for a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 12.07. Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in the City of New York are not required or authorized to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 12.08. Duplicate Originals. The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 12.09. Governing Law. The internal laws of the State of New York shall govern this Indenture and the Securities, without regard to the conflicts of law rules thereof. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Indenture.

SECTION 12.10. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.11. Successors. All agreements of the Company in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 12.12. Severability. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.13. Counterpart Originals. This Indenture may be signed in one or more counterparts. Each signed copy shall be an original, but all of them together represent the same agreement.

LEAR CORPORATION,

by

Dated:

THE BANK OF NEW YORK, as Trustee,

by

Authorized Signatory

Dated:

EXHIBIT A

FORM OF FACE OF SECURITY

No._____ $_____

CUSIP No._____

LEAR CORPORATION
% SUBORDINATED NOTE DUE 2006

LEAR CORPORATION, a Delaware corporation (the "Issuer", which term includes any successor corporation), promises to pay to or registered assigns, the principal sum of Dollars on , 2006.

Interest Payment Dates: and .

Record Dates: and .

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this Security to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

[SEAL] LEAR CORPORATION,

by
---

by

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities described in the within mentioned Indenture.

Dated:

THE BANK OF NEW YORK, as Trustee,

by

Authorized Signatory

FORM OF REVERSE OF SECURITY

LEAR CORPORATION
% SUBORDINATED NOTE DUE 2006

(1) INTEREST. LEAR CORPORATION, a Delaware corporation (the "Issuer"), promises to pay interest on the principal amount of this Security at an interest rate per annum of %.

The Issuer shall pay interest semiannually, on and of each year (each an "Interest Payment Date") commencing , 1997. Interest on the Securities (as defined in the Indenture) shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from , 1996. The Issuer shall pay interest on overdue principal (including interest accruing on or after the filing of any petition in bankruptcy or reorganization relating to the Issuer, whether or not a claim for post-filing interest is allowed in such proceeding) at the rate then borne by the Securities; it shall pay interest, to the extent permitted by law (including interest accruing on or after filing of any petition in bankruptcy or reorganization relating to the Issuer, whether or not a claim for post-filing interest is allowed in such proceeding), on overdue installments of interest at the rate then borne by the Securities. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

(2) METHOD OF PAYMENT. The Issuer shall pay interest on this Security (except Defaulted Interest) to the person who is the Holder of this Security at the close of business on the record date next preceding the Interest Payment Date (the "Record Date"). The Holder must surrender this Security to a Paying Agent to collect payments of principal and premium. Payments of interest may be mailed to the Holder's registered address. The Issuer shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Issuer, however, may pay principal and interest by its check payable in such money. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest on the amount

payable on such payment date shall accrue for the intervening period.

(3) PAYING AGENT AND REGISTRAR. Initially, the Trustee shall act as Paying Agent and Registrar. The Issuer may change any Paying Agent, Registrar and co-registrar without notice to any Holder. The Issuer or any of its Affiliates may act in any such capacity.

(4) INDENTURE. This Security is one of the Securities that may be issued by the Issuer under an Indenture dated as of , 1996 (the "Indenture"), between the Issuer and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. All terms used in this Security which are not defined herein shall have the meanings assigned to them in the Indenture.

The Indenture imposes certain limitations on the ability of the Issuer and its Restricted Subsidiaries to, among other things, make certain Restricted Investments and other Restricted Payments, pay dividends and other distributions, incur Indebtedness, enter into consensual restrictions upon the payment of certain dividends and distributions by Restricted Subsidiaries, enter into or permit certain transactions with Affiliates, create or incur Liens, make Asset Sales and issue any preferred or preference stock. The Indenture also imposes limitations on the ability of the Issuer to consolidate or merge with or into any other person or permit any other person to merge with or into the Issuer, or sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of the assets of the Issuer to any other person.

The Securities are direct obligations of the Issuer and limited to $200,000,000 in aggregate principal amount.

(5) OPTIONAL REDEMPTION. On or after , 2001, the Issuer may redeem the Securities in whole or in part, from time to time, at the following redemption prices (expressed in percentages of the principal amount thereof), in each case together with accrued interest, if any, to the

Redemption Date. If redeemed during the 12-month period commencing :

, 2001	%
, 2002	%
, 2003	%
and thereafter	100%

(6) CHANGE OF CONTROL. In the event there shall occur any Change of Control Triggering Event with respect to the Issuer, each Holder of Securities shall have the right, at such Holder's option but subject to the conditions set forth in the Indenture, to require the Issuer to purchase on the Purchase Date all or any part of such Holder's Securities at a purchase price equal to 101% of the principal amount thereof, together with accrued and unpaid interest (subject to the right of Holders of record on each Record Date to receive interest due on the related Interest Payment Date), if any, to the Purchase Date and in the manner specified in the Indenture.

Notwithstanding anything to the contrary herein or in the Indenture, the Issuer shall not be obligated to give notice to Holders of Securities or to purchase Securities with respect to more than one Change of Control Triggering Event.

(7) OFFER TO PURCHASE IN CONNECTION WITH SALES OF ASSETS. If there are certain Net Cash Proceeds from Asset Sales, Section 4.08 of the Indenture contains provisions under which the Issuer is required to commence an offer to purchase Securities at a purchase price equal to 100% of their principal amount plus accrued interest, if any.

(8) NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least 15 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at his registered address. Securities in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. On and after the Redemption Date, interest ceases to accrue on Securities or portions of them called for redemption unless the Issuer defaults in making the redemption payment.

If the Redemption Date is subsequent to a Record Date with respect to any Interest Payment Date and on or prior to such Interest Payment Date, then such accrued

interest, if any, shall be paid to the Holder of record at the close of business on such Record Date and no other interest shall be payable thereon.

(9) DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Security or portion of a Security selected for redemption, except the unredeemed portion of any Security being redeemed in part. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(10) PERSONS DEEMED OWNERS. The Holder of a Security may be treated as its owner for all purposes.

(11) UNCLAIMED MONEY. If money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent shall pay the money back to the Issuer at its written request. After that, Holders entitled to the money must look to the Issuer for payment as general creditors, subject to any applicable abandoned property law, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

(12) DISCHARGE PRIOR TO REDEMPTION OR MATURITY. If the Issuer deposits with the Trustee money or U.S. Government Obligations sufficient to pay principal of, premium, if any, and accrued interest on the Securities to redemption or maturity, as the case may be, the Issuer shall be discharged from the Indenture and the Securities, except for certain sections thereof.

(13) AMENDMENTS AND WAIVERS. Subject to certain exceptions, the Indenture or the Securities may be amended, and any existing default may be waived, with the consent of the Holders of at least a majority in principal amount of the then outstanding Securities. Without the consent of any Holder, the Indenture or the Securities may be amended to cure any ambiguity, defect or inconsistency or make any change required to qualify the Indenture under the TIA, to

provide for the assumption of the obligations of the Issuer under the Indenture by a successor corporation, to provide for uncertificated Securities in addition to certificated Securities or to make any change that does not adversely affect the rights of any Holder.

(14) SUBORDINATION. The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Issuer whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed. To the extent and in the manner provided in the Indenture, Senior Indebtedness must be paid before any payment may be made to any Holder of this Security. Each Holder by his acceptance hereof agrees to be bound by such provisions and authorizes and expressly directs the Trustee, on his behalf, to take such action as may be necessary or appropriate to effectuate the subordination provided for in the Indenture and appoints the Trustee his attorney-in-fact for such purpose.

(15) DEFAULTS AND REMEDIES. An Event of Default is: default for 30 days in payment of interest on the Securities; default in payment of principal of the Securities at maturity, upon acceleration, redemption or otherwise; failure by the Issuer for 30 days to comply with any of its other agreements or covenants in, or provisions of, the Indenture or the Securities after notice to it of such Default; certain events of acceleration prior to maturity of certain other Indebtedness and certain failures of the Issuer or any of its Significant Subsidiaries to pay the final scheduled principal installment of certain Indebtedness on the stated maturity date thereof; certain final judgments which remain undischarged and unbonded; certain events of bankruptcy or insolvency of the Issuer or any of its Significant Subsidiaries; and certain other events. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities may declare to be due and payable immediately 100% of the principal amount of the Securities, except that in the case of an Event of Default arising from certain events of bankruptcy or insolvency of the Issuer or any of its Significant Subsidiaries, 100% of the principal amount of the Securities becomes due and payable immediately without further action or notice. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces

the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in their interests. The Issuer must provide an annual compliance certificate to the Trustee.

(16) TRUSTEE DEALINGS WITH ISSUER. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer or its Affiliates, as if it were not Trustee.

(17) NO RECOURSE AGAINST OTHERS. A director, officer, employee or stockholder, as such, of the Issuer shall not have any liability for any obligations of the Issuer under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

(18) AUTHENTICATION. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(19) ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(20) CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of such Securities. No representation is made as to the accuracy of such numbers as printed on the Securities, and reliance may be placed only on the other identification numbers printed hereon.

(21) GOVERNING LAW. The internal laws of the State of New York shall govern the Indenture and the Securities, without regard to the conflicts of law rules

thereof. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to the Indenture.

ASSIGNMENT

(To be executed by the registered Holder
if such Holder desires to transfer this Security)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFYING NUMBER OF TRANSFEREE

- ---

(Please print name and address of transferee)

this Security, together with all right, title and interest herein, and does hereby irrevocably constitute and appoint
Attorney to transfer this Security on the Security register, with full power of substitution.

Dated: _____

_____	_____
Signature of Holder	Signature Guaranteed: Member of Securities Transfer Agent Medallion Program

NOTICE: The signature to the foregoing Assignment must correspond to the name as written upon the face of this Security in every particular, without alteration or any change whatsoever.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Issuer pursuant to Section 4.08 of the Indenture, check the box: [ ]

If you want to elect to have only a part of this Security purchased by the Issuer pursuant to Section 4.08 of the Indenture, state the amount: $_____

If you want to elect to have this Security purchased by the Issuer pursuant to Section 11.01 of the Indenture, check the box: [ ]

If you want to elect to have only a part of this Security purchased by the Issuer pursuant to Section 11.01 of the Indenture, state the amount: $_____

Date:_____

Your Signature:_____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee:_____
Member of Securities Transfer Agent Medallion Program

EXHIBIT 5.1

June 28, 1996

Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48034

RE: REGISTRATION STATEMENT ON FORM S-3
OF LEAR CORPORATION (NO. 333-05809)
(THE "REGISTRATION STATEMENT")

Ladies and Gentlemen:

We have acted as special counsel for Lear Corporation, a Delaware corporation (the "Company"), in connection with the preparation of the Registration Statement relating to the sale of $200,000,000 aggregate principal amount of the Company's Subordinated Notes due 2006 (the "Notes"), to be issued under an indenture (the "Indenture") between the Company, as issuer, and The Bank of New York, as trustee.

This opinion is delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Act").

In connection with this opinion, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement relating to the Notes, as filed with the Securities and Exchange Commission (the "Commission") on June 12, 1996 under the Act, as amended by Amendment No. 1 thereto filed with the Commission on June 18, 1996 and as amended by Amendment No. 2 thereto filed with the Commission on June 28, 1996 (as so amended, the "Registration Statement"), (ii) the Restated Certificate of Incorporation of the Company, as currently in effect (the "Charter"), (iii) the Amended and Restated By-Laws of the Company, as currently in effect (the "By-laws"), (iv) the form of Indenture, (v) the form of the Notes, (vi) the form of the underwriting agreement to be entered into by the Company, BT Securities Corporation, Chase Securities Inc., Morgan Stanley & Co. Incorporated and Schroeder Wertheim & Co. Incorporated (the "Underwriting Agreement"), and (vii) resolutions of the Board of Directors of the Company relating to, among other things, the issuance and sale of the Notes and the filing of the Registration Statement. We have also examined such other documents as we have deemed necessary or appropriate as a basis for the opinion set forth below.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the

conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others.

Based upon and subject to the foregoing, we are of the opinion that:

The issuance and sale of the Notes have been duly authorized by requisite corporate action on the part of the Company, and the Notes, when executed and authenticated in accordance with the provisions of the Indenture following approval thereof by the Special Committee of the Board of Directors and delivered and paid for in accordance with the terms of the Underwriting Agreement, will be valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms except to the extent that the enforceability thereof may be limited by (a) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

We hereby consent to the reference to our firm under the heading "Legal Matters" in the Prospectus forming a part of the Registration Statement and to the filing of this opinion with the Commission as an exhibit to the Registration Statement. In giving such consent, we do not concede that we are experts within the meaning of the Act or the rules and regulations thereunder or that this consent is required by Section 7 of the Act.

Very truly yours,

/s/ Winston & Strawn

EXHIBIT 12.1 -- COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLARS IN MILLIONS, EXCEPT RATIO OF EARNINGS TO FIXED CHARGES)

	THREE MONTHS ENDED		YEAR ENDED					
			DECEMBER 31,			JUNE 30,		
	MARCH 30, 1996	APRIL 1, 1995	1995	1994	1993	1993	1992	1991
Income before provision for national income taxes, minority interests in net income (loss) of subsidiaries, equity (income) loss of affiliates, and extraordinary items	$40.8	$ 30.3	$152.9	$114.6	$26.1	$28.4	$(6.5)	$(20.3)
Fixed charges	27.2	15.8	82.6	52.2	49.8	51.7	58.1	63.3
Distributed income of affiliates	--	--	1.3	0.9	1.0	--	--	--
Minority interest expense for majority-owned subsidiaries with no fixed charges	--	--	--	--	--	--	--	(0.4)
Earnings	$68.0	$ 46.1	$236.8	$167.7	$76.9	$80.1	$51.6	$ 42.6
Interest expense	24.4	14.2	75.5	46.7	45.6	47.8	55.2	61.7
Portion of lease expense representative of interest(1)	2.8	1.6	7.1	5.5	4.2	3.9	2.9	1.6
Fixed Charges	$27.2	$ 15.8	$ 82.6	$ 52.2	$49.8	$51.7	$58.1	$ 63.3
Ratio of Earnings to Fixed Charges	2.5x	2.9x	2.9x	3.2x	1.5x	1.5x	--	--
Fixed Charges in Excess of Earnings	$ --	$ --	$ --	$ --	$ --	$ --	$ 6.5	$ 20.7

	PRO FORMA THREE MONTHS ENDED MARCH 30, 1996	PRO FORMA YEAR ENDED DECEMBER 31, 1995
Income before provision for national income taxes, minority interests in net income (loss) of subsidiaries, equity (income) loss of affiliates, and extraordinary items	$ 47.2	187.2
Fixed charges	32.8	133.4
Distributed income of affiliates	1.6	1.3
Minority interest expense for majority-owned subsidiaries with no fixed charges	--	--
Earnings	$ 81.6	$321.9
Interest expense	29.5	123.4
Portion of lease expense representative of interest(1)	3.3	10.0
Fixed Charges	$ 32.8	$133.4
Ratio of Earnings to Fixed Charges	2.5x	2.4x
Fixed Charges in Excess of Earnings	--	--

- -------------------------
(1) One-third of lease expense.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 6, 1996 included in Lear Corporation's Form 10-K for the year ended December 31, 1995, and to all references to our firm included in this registration statement.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Detroit, Michigan

June 27, 1996

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated January 26, 1995 included in Lear Corporation's Form 8-K dated August 28, 1995, and to all references to our firm included in this registration statement.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Minneapolis, Minnesota

June 27, 1996

EXHIBIT 25.1
CONFORMED COPY

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) |__|

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
48 Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

LEAR CORPORATION
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-3386776 (I.R.S. employer identification no.)
21557 Telegraph Road Southfield, Michigan (Address of principal executive offices)	48086-5008 (Zip code)

% Subordinated Notes due 2006
(Title of the indenture securities)

---

1. GENERAL INFORMATION. FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York

(B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None. (See Note on page 3.)

16. LIST OF EXHIBITS.

EXHIBITS IDENTIFIED IN PARENTHESES BELOW, ON FILE WITH THE COMMISSION, ARE INCORPORATED HEREIN BY REFERENCE AS AN EXHIBIT HERETO, PURSUANT TO RULE 7A-29 UNDER THE TRUST INDENTURE ACT OF 1939 (THE "ACT") AND RULE 24 OF THE COMMISSION'S RULES OF PRACTICE.

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 2, the answer to said Item is based on incomplete information.

Item 2 may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 25th day of June, 1996.

THE BANK OF NEW YORK

By: /s/ Robert F. McIntyre

Name: ROBERT F. MCINTYRE
Title: VICE PRESIDENT

Exhibit 7

- ---

Consolidated Report of Condition of

THE BANK OF NEW YORK

of 48 Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business December 31, 1995, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar Amounts in Thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 4,500,312
Interest-bearing balances	643,938
Securities:	
Held-to-maturity securities	806,221
Available-for-sale securities	2,036,768
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank:	
Federal funds sold	4,166,720
Securities purchased under agreements to resell	50,413
Loans and lease financing receivables:	
Loans and leases, net of unearned income 27,068,535	
LESS: Allowance for loan and lease losses 520,024	
LESS: Allocated transfer risk reserve 1,000	
Loans and leases, net of unearned income and allowance, and reserve	26,547,511
Assets held in trading accounts	758,462
Premises and fixed assets (including capitalized leases)	615,330
Other real estate owned	63,769
Investments in unconsolidated subsidiaries and associated companies	223,174
Customers' liability to this bank on acceptances outstanding	900,795
Intangible assets	212,220
Other assets	1,186,274
Total assets	$42,711,907
LIABILITIES	
Deposits:	

In domestic offices	$21,248,127
Noninterest-bearing 9,172,079	
Interest-bearing 12,076,048	
In foreign offices, Edge and Agreement subsidiaries, and IBFs	9,535,088
Noninterest-bearing 64,417	
Interest-bearing 9,470,671	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds purchased	2,095,668
Securities sold under agreements to repurchase	69,212
Demand notes issued to the U.S. Treasury	107,340
Trading liabilities	615,718
Other borrowed money:	
With original maturity of one year or less	1,638,744
With original maturity of more than one year	120,863
Bank's liability on acceptances executed and outstanding	909,527
Subordinated notes and debentures	1,047,860
Other liabilities	1,836,573
Total liabilities	39,224,720
EQUITY CAPITAL	
Common stock	942,284
Surplus	525,666
Undivided profits and capital reserves	1,995,316
Net unrealized holding gains (losses) on available-for-sale securities	29,668
Cumulative foreign currency translation adjustments	(5,747)
Total equity capital	3,487,187
Total liabilities and equity capital	$42,711,907

I, Robert E. Keilman, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Robert E. Keilman

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors

of the Federal Reserve System and is true and correct.

J. Carter Bacot
Thomas A. Renyi Directors
Alan R. Griffith

EXHIBIT 99.5

FORM OF
AMENDMENT AND WAIVER

AMENDMENT AND WAIVER dated as of June 21, 1996 (the "Amendment and Waiver") to the Amended and Restated Stockholders and Registration Rights Agreement dated as of September 27, 1991, as amended as of March 31, 1994 (the "Agreement"), among Lear Corporation (as successor to Lear Holdings Corporation), a Delaware corporation (the "Company"), Lehman Brothers Merchant Banking Portfolio Partnership L.P. (formerly Shearson Lehman Hutton Merchant Banking Portfolio Partnership L.P.), a Delaware limited partnership, Lehman Brothers Offshore Investment Partnership--Japan L.P. (formerly Shearson Lehman Hutton Offshore Investment Partnership--Japan L.P.), a Bermuda limited partnership, Lehman Brothers Offshore Investment Partnership L.P. (formerly Shearson Lehman Hutton Offshore Investment Partnership L.P.), a Bermuda limited partnership, and Lehman Brothers Capital Partners II, L.P. (formerly Shearson Lehman Hutton Capital Partners II, L.P.), a Delaware limited partnership (each a "Lehman Partnership" and, collectively, the "Lehman Group"), LBI Group Inc. (formerly Shearson Lehman Hutton Merchant Banking Partners, Inc.), a Delaware corporation, as the Lehman Group Representative (the "Lehman Group Representative"), FIMA Finance Management Inc., a British Virgin Islands corporation ("FIMA"), and the parties listed in Schedule A to the Agreement or who became Management Investors pursuant to Section 6.10 thereof (the "Management Investors" and, together with the Lehman Group and FIMA, the "Investors").

The parties hereto agree as follows:

SECTION 1. Amendment. References to the "120-day period" in Section 4.3(a) and 4.3(b) of the Agreement shall each be replaced with "90-day period."

SECTION 2. Waiver. The Holders, other than the Lehman Group and FIMA, hereby waive their rights under Section 4.2 of the Agreement, including, without limitation, their rights to participate in the public offering of Shares by the Company, FIMA and the Lehman Group (the "Offering") contemplated by the Registration Statement (Reg. No. 333-05807) filed with the Securities and Exchange Commission on June 12, 1996, as the same may be amended or supplemented (the "Registration Statement"), and their rights under the notice provisions thereof with respect to the Offering. In addition, with respect to the Offering, the Company and the Holders hereby waive the requirements of Section 4.3(a) of the Agreement for every Holder other than the Lehman Group, FIMA, each other Holder who serves as an executive officer of the Company on the date hereof and their respective Permitted Transferees.

SECTION 3. Notice. The Company expects the Registration Statement relating to the Offering to become effective on or about July 2, 1996. The preceding sentence shall satisfy in full the notice requirements of Section 4.3(a) of the Agreement with respect of the Offering.

SECTION 4. Effectiveness; Miscellaneous. (a) This Amendment and Waiver shall become effective as of the date first set forth above.

(b) This Amendment and Waiver constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment and Waiver.

(d) The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Amendment and Waiver, regardless of the law that might be applied under applicable principles of conflicts of laws.

(e) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and Waiver and to whose benefit the provisions of this Amendment and Waiver shall inure.

(f) This Amendment and Waiver may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(g) Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

(h) Except as specifically modified hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as modified hereby.

IN WITNESS WHEREOF, the undersigned have executed this Amendment and Waiver as of the date first set forth above.

LEAR CORPORATION

By_____
Name: Joseph F. McCarthy
Title: Vice President, Secretary and
General Counsel

As Holders of a majority of the Shares
held by the Lehman Partnerships and their
respective Permitted Transferees:

Lehman Brothers Merchant Banking Portfolio
Partnership L.P.

By_____
Name:
Title:

Lehman Brothers Capital
Partners II, L.P.

By_____
Name:
Title:

Lehman Brothers Offshore
Investment Partnership LP.

By_____
Name:
Title:

Lehman Brothers Offshore
Investment Partnership-Japan LP.

By_____
Name:
Title:

As Holders of a majority of the Shares held
by FIMA and its Permitted Transferees:

FIMA Finance Management, Inc.

By_____
Name:
Title:

As Holders of a majority of the Shares held
by Management Investors and their
respective Permitted Transferees:

_____
Name: John Boerger
Shares of Common Stock:_____

_____
Name: P. Burke
Shares of Common Stock:_____

_____
Name: Jimmie Comer
Shares of Common Stock:_____

_____
Name: G.H. Dunze
Shares of Common Stock:_____

_____
Name: M.R. Edwards
Shares of Common Stock:_____

_____
Name: C.E. Fisher
Shares of Common Stock:_____

_____
Name: A.J. Goscinski
Shares of Common Stock:_____

_____
Name: J.A. Hollars
Shares of Common Stock:_____

_____
Name: L.R. Haskell
Shares of Common Stock:_____

_____
Name: L.K. Hensley
Shares of Common Stock:_____

_____
Name: T.B. Henstock
Shares of Common Stock:_____

_____
Name: R.G. Hodgson
Shares of Common Stock:_____

_____
Name: R.B. Hopkins, Jr.
Shares of Common Stock:_____

_____
Name: G.G. Harris
Shares of Common Stock:_____

_____
Name: W.G. Jamieson
Shares of Common Stock:_____

_____
Name: E.F. Kozlowski
Shares of Common Stock:_____

_____
Name: W.A. Ludwig
Shares of Common Stock:_____

_____
Name: T.E. Melson
Shares of Common Stock:_____

_____
Name: R.T. Murphy
Shares of Common Stock:_____

_____
Name: R.E. Rossiter
Shares of Common Stock:_____

_____
Name: R.B. Smith, Jr.
Shares of Common Stock:_____

_____
Name: D.J. Stebbins
Shares of Common Stock:_____

_____
Name: R.G. Tancredi
Shares of Common Stock:_____

_____
Name: J.E. Thompson
Shares of Common Stock:_____

_____
Name: M.P. Tepfenhart
Shares of Common Stock:_____

_____
Name: J.H. Vandenberghe
Shares of Common Stock:_____

_____
Name: A.H. Vartanian
Shares of Common Stock:_____

_____
Name: J. Wainwright
Shares of Common Stock:_____

_____
Name: K.L. Way
Shares of Common Stock:_____

Permitted Transferees:

_____
Name: Michele J. Wainwright
(Permitted Transferee of
J. Wainwright)
Shares of Common Stock:_____

By_____
Name: Carolyn L. Hodgson

Shares of Common Stock:_____