AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 10, 1997

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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
(248) 746-1500
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

JOSEPH F. MCCARTHY
21557 TELEGRAPH ROAD
SOUTHFIELD, MICHIGAN 48086-5008
(248) 746-1500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John L. MacCarthy	John D. Lobrano
Winston & Strawn	Simpson Thacher & Bartlett
35 West Wacker Drive	425 Lexington Avenue
Chicago, Illinois 60601	New York, New York 10017
(312) 558-5600	(212) 455-2000

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

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

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. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	NUMBER OF SHARES TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, $0.01 par value.....	10,284,854	$37.25	$383,110,811.50	$116,094.19

(1) Includes 1,284,854 shares to cover the Underwriters' over-allotment options.
(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) on the basis of the average of the high and low prices

reported on the New York Stock Exchange Composite Tape on June 9, 1997.

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.

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EXPLANATORY NOTE

This Registration Statement covers the registration of 10,284,854 shares (including 1,284,854 shares which may be purchased upon the exercise of the Underwriters' over-allotment options) of Common Stock, $0.01 par value per share, of Lear Corporation for sale in underwritten public offerings (the "Offerings") in the United States and Canada (the "U.S. Offering") and outside the United States and Canada (the "International Offering"). The complete Prospectus relating to the U.S. Offering (the "U.S. Prospectus") follows immediately after this Explanatory Note. Following the U.S. Prospectus is an alternate cover page and alternate back cover page for the Prospectus to be used in the International Offering (the "International Prospectus" and, together with the U.S. Prospectus, the "Prospectuses"). Otherwise, the International Prospectus will be identical to the U.S. Prospectus.

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 10, 1997

PROSPECTUS

9,000,000 Shares

Lear Logo

COMMON STOCK

Of the 9,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), of Lear Corporation ("Lear" or the "Company") being offered hereby, 7,200,000 shares are being offered initially in the United States and Canada by the U.S. Underwriters (the "U.S. Offering") and 1,800,000 shares are being offered initially outside the United States and Canada by the International Managers (the "International Offering" and, together with the U.S. Offering, the "Offerings"). The public offering price and underwriting discounts and commissions per share are identical for both Offerings. See "Underwriting." All of the shares being offered hereby are being offered by certain stockholders of the Company (the "Selling Stockholders"). See "Selling Stockholders." The Company will not receive any of the proceeds from the sale of Common Stock.

The Company's Common Stock is listed on the New York Stock Exchange under the symbol "LEA." On June 9, 1997, the reported last sale price of the Common Stock on the New York Stock Exchange Composite Tape was $37 1/4 per share.

SEE "RISK FACTORS" COMMENCING ON PAGE 9 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	Discounts and Underwriting Commissions(1)	Proceeds to Selling Stockholders(2)
Per Share	$	$	$
Total(3)	$	$	$

(1) Lear and the Selling Stockholders have agreed to indemnify the U.S. Underwriters, the International Managers and certain other persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(2) Before deducting expenses payable by Lear estimated at $.
(3) The Selling Stockholders have granted the U.S. Underwriters and the International Managers 30-day options to purchase up to an aggregate of 1,284,854 shares of Common Stock on the same terms and conditions as set forth above solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Selling Stockholders will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus are offered by the U.S. Underwriters subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the U.S. Underwriters and to certain further conditions. It is expected that delivery of certificates for shares will be made at the offices of Lehman Brothers Inc., New York, New York, on or about , 1997.

LEHMAN BROTHERS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

MORGAN STANLEY DEAN WITTER

SALOMON BROTHERS INC

SCHRODER WERTHEIM & CO.

, 1997

[INSIDE FRONT COVER]

Global Solutions for automotive interiors.

[Lear Corporation Logo]

Innovation * Design and Engineering * Research and Development * Computer-aided Manufacturing and Design * Product and Process Diversity

[a picture of two Lear technicians with an automotive interior and a car seat; a picture of a Lear technician placing two crash test dummies on a High-G sled; a picture of an automobile inside of a Lear noise and vibration test room; and a picture of two Lear technicians working on a crash test dummy]

The following caption appears below the pictures described in the preceding paragraph:

> Lear provides leading edge technology for today's automotive manufacturers from our worldwide network of product engineering and technology centers

[a picture of an automobile containing Lear products on a street in Brazil; a picture of a Lear engineer at a CAD/CAM terminal; a picture of a mini-van seat system; a picture of a door panel and a CAD/CAM terminal exhibiting the door panel, and a picture of a Lear worker making final preparations on a seat system]

The following caption appears below the pictures described in the preceding paragraph:

> Lear can duplicate its processes and its quality, delivering interior systems and components in the global automotive market, managing programs from concept and design straight through to sequenced delivery of parts.

CERTAIN PERSONS PARTICIPATING IN THE OFFERINGS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE THE PURCHASE OF SHARES OF COMMON STOCK PRIOR TO THE PRICING OF THE OFFERINGS FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE COMMON STOCK AND THE PURCHASE OF SHARES OF COMMON STOCK FOLLOWING THE PRICING OF THE OFFERINGS TO COVER A SYNDICATE SHORT POSITION IN THE COMMON STOCK OR FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE COMMON STOCK. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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 7 World Trade Center, Suite 1300, 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. In addition, the Commission maintains a Web site at http://www.sec.gov that contains periodic reports and other information regarding registrants, like the Company, that file electronically with the Commission.

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 shares of Common Stock offered hereby. This Prospectus, which is part of the Registration Statement, 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, 1996;

(b) the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1997;

(c) the Company's Current Report on Form 8-K dated April 3, 1997;

(d) the Company's Current Report on Form 8-K dated June 6, 1997;

(e) the audited consolidated financial statements of Masland Corporation and the notes thereto included on pages 2 through 22 of the Company's Current Report on Form 8-K dated June 27, 1996; and

(f) 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 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 Offerings 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 and Business Planning (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 are conducted through wholly-owned subsidiaries of Lear Corporation.

THE COMPANY

GENERAL

Lear is one of the largest independent suppliers of automotive interior products to the estimated $45 billion global automotive interior market and one of the ten largest independent automotive suppliers in the world. The Company has experienced substantial growth in market presence and profitability over the last five years as a result of both internal growth and acquisitions. The Company's sales have grown from approximately $1.4 billion for the year ended June 30, 1992 to over $6.2 billion for the year ended December 31, 1996, a compound annual growth rate of 39%. In addition, the Company's operating income has grown from approximately $56.8 million for the year ended June 30, 1992 to approximately $375.8 million for the year ended December 31, 1996, a compound annual growth rate of 51%. The Company's present customers include 26 original equipment manufacturers ("OEMs"), the most significant of which are Ford, General Motors, Fiat, Chrysler, Volvo, Saab, Volkswagen, Audi and BMW. As of April 30, 1997, the Company employed over 45,000 people in 22 countries and operated 149 manufacturing, technology, product engineering and administration facilities.

Lear is a leading supplier of automotive interiors with in-house capabilities in all five principal automotive interior segments: seat systems; floor and acoustic systems; door panels; instrument panels; and headliners. In addition, Lear is able to offer its customers design, engineering and project management support for the entire automotive interior. Management believes that the ability to offer automotive interior "one-stop-shopping" provides Lear with a competitive advantage as OEMs continue to reduce their supplier base and demand improved quality and enhanced technology. In addition, the Company's broad array of product and process offerings enables it to provide each customer with products tailored to its particular automotive interior needs.

Lear is focused on delivering high quality automotive interior systems and components to its customers on a global basis. 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 Eastern Europe, South America, South Africa and the Asia/Pacific Rim region. As a result of the Company's efforts to expand its worldwide operations, the Company's sales outside the United States and Canada have grown from $0.4 billion, or 29.7% of the Company's total sales, for the year ended June 30, 1992 to $2.2 billion, or 35.1% of the Company's total sales, for the year ended December 31, 1996. The Company is committed to expanding its geographic presence in order to better serve the diverse needs of its global customer base.

STRATEGY

The Company's principal objective is to expand its position as one of the leading independent suppliers of automotive interior systems in the world. To this end, the Company's strategy is to capitalize on three significant trends in the automotive industry: (i) the outsourcing of automotive components and systems by OEMs; (ii) the increased emphasis on the automotive interior by OEMs as they seek to differentiate their vehicles in the marketplace; and (iii) 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. Management believes that these trends will result in OEMs outsourcing a greater percentage of automotive interior systems, including the outsourcing of complete automotive interiors. Management believes that the criteria for selection of

automotive interior suppliers include not only cost, quality and responsiveness, but will increasingly include certain full-service capabilities including design, engineering and project management support. Lear intends to build on its full-service capabilities, strong customer relationships and worldwide presence in order to increase its share of the global automotive interior market.

Elements of the Company's strategy include:

- Enhance its Relationships with OEMs. The Company's management has developed strong relationships with its 26 OEM customers which allow Lear to identify business opportunities and customer needs in the early stages of vehicle design. Lear maintains "Customer Focused Divisions" for each of its major customers. This organizational structure consists of several dedicated groups, each of which is focused on serving the needs of a single customer and supporting that customer's programs and product development. This customer-oriented structure has helped Lear develop and maintain an excellent reputation with OEMs for timely delivery and customer service and for providing world class quality at competitive prices.

- Penetrate Emerging Markets. Geographic expansion will continue to be an important element of the Company's growth strategy. In 1996, more than two-thirds of total worldwide vehicle production occurred outside of the United States and Canada. Emerging markets such as South America and the Asia/Pacific Rim region present strong global growth opportunities as demand for automotive vehicles has been increasing dramatically in these areas. For example, from 1991 through 1996, sales of light vehicles in China have increased nearly 500%, while sales in Brazil have increased over 70%. Industry analysts forecast continued strong increases in light vehicle sales in these and certain other emerging markets. As a result of Lear's strong customer relationships and worldwide presence, management believes that the Company is well-positioned to expand with OEMs in emerging markets.

- Capitalize on New Outsourcing Opportunities. The door panel, instrument panel and headliner segments of the automotive interior market contain no dominant independent supplier and are in the early stages of the outsourcing and/or consolidation process. These segments constituted over 20% of the total estimated $45 billion global automotive interior market in 1996. The Company believes that the same competitive pressures that have contributed to the rapid expansion of its seat systems business in North America since 1983 will continue to encourage OEMs to outsource more of their door, instrument panel and headliner system and component requirements. In addition, management believes that as the outsourcing of these systems accelerates and OEMs continue their worldwide expansion and seek ways to improve vehicle quality and reduce costs, OEMs will increasingly look to independent suppliers such as Lear 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 perform this role.

- Invest in Product Technology and Design Capability. Lear has made substantial investments in product technology and product design capability to support its products. The Company maintains five technology centers and twenty customer dedicated product engineering centers where it designs and develops new products and conducts extensive product testing. The Company also has state-of-the-art acoustics testing, instrumentation and data analysis capabilities. Lear's investments in research and development are consumer-driven and customer-focused. The Company conducts extensive analysis and testing of consumer responses to automotive interior styling and innovations. Because OEMs increasingly view the vehicle interior as a major selling point to their customers, the focus of Lear's research and development efforts is to identify new interior features that make vehicles safer, more comfortable and attractive to consumers. The development of these products has been, and management believes will continue to be, an important element in the Company's future growth. For automotive vehicles manufactured in North America, Lear's total content per vehicle has increased from $94 per vehicle in the fiscal year ended June 30, 1992 to $292 per vehicle in the fiscal year ended December 31, 1996. For automotive vehicles manufactured in Western Europe, Lear's total content per vehicle has increased from $19 per vehicle in the fiscal year ended June 30, 1992 to $109 per vehicle in the fiscal year ended December 31, 1996.

- Utilize Worldwide JIT Facility Network. Beginning in the 1980s, Lear established facilities, most of which were, and still are, dedicated to a single customer, that allowed it to receive components from its suppliers on a just-in-time ("JIT") basis and deliver seat systems to its customers on a sequential JIT basis. This process minimizes inventories and fixed costs for both the Company and its customers and enables the Company to deliver products in as little as 90 minutes notice. In many cases, by carefully managing floor space and overall efficiency, Lear can move the final assembly and sequencing of other interior systems and components from centrally located facilities to its existing JIT facilities. Management believes that the efficient utilization of the Company's JIT facilities located around the world is an important aspect of Lear's global growth strategy and, together with the Company's system integration skills, provides Lear with a significant competitive advantage in terms of delivering total interior systems to OEMs.

- Grow Through Strategic Acquisitions. Strategic acquisitions have been, and management believes will continue to be, an important element in the Company's worldwide growth and in its efforts to capitalize on automotive industry trends. The Company seeks acquisitions which strengthen Lear's relationships with OEMs, complement Lear's existing products and process capabilities and provide Lear with growth opportunities in new markets. The Company's recent acquisitions have expanded its OEM customer base and worldwide presence and have enhanced its relationships with existing customers. The Company's most recent acquisitions have also expanded Lear's manufacturing capabilities to allow the Company to produce all five automotive interior systems. In 1996, after giving pro forma effect to the Masland Acquisition (described below), the Company's Tier I sales of non-seating systems and components would have been approximately $2.1 billion, or approximately 34% of the Company's total pro forma sales.

ACQUISITIONS

On May 26, 1997, Lear entered into a definitive agreement to acquire certain equity and partnership interests in Keiper Car Seating GmbH & Co. and certain of its subsidiaries and affiliates (collectively, "Keiper") for DM 400 million (approximately $235 million) (the "Keiper Acquisition"). In connection with the Keiper Acquisition, Lear will also pay or assume outstanding indebtedness of Keiper, which is anticipated to be approximately $28 million. Keiper is a leading supplier of automotive vehicle seat systems on a JIT basis for markets in Europe, Brazil and South Africa, with unaudited sales for the year ended December 31, 1996 of approximately $615 million. Management believes that the Keiper Acquisition will strengthen Lear's core seat system business, expand Lear's presence in Europe, Brazil and South Africa and strengthen Lear's relationships with Mercedes Benz, Audi, Volkswagen and Porsche. The Keiper Acquisition, which is subject to clearance by the Antitrust Commission of the European Union, is expected to close in the third quarter of 1997. However, there can be no assurances that the Keiper Acquisition will be consummated.

On June 5, 1997, the Company acquired the stock of Dunlop Cox Limited ("Dunlop Cox") for approximately $60 million (the "Dunlop Cox Acquisition"). Dunlop Cox, based in Nottingham, England, provides Lear with the ability to design and manufacture manual and electronically-powered automotive seat adjusters. For the year ended December 31, 1996, Dunlop Cox had sales of approximately $39 million.

Prior to August 1995, Lear primarily produced seat systems and components. Since then, the Company has made three major acquisitions which have provided it with significant capabilities in the other four systems comprising a total automotive interior. In August 1995, Lear acquired Automotive Industries Holding, Inc. ("AI") which gave Lear a strong presence in the door panel and headliner segments of the automotive interior market (the "AI Acquisition"). In June 1996 and December 1996, respectively, Lear acquired Masland Corporation ("Masland"), a leading designer and manufacturer of floor and acoustic systems in North America (the "Masland Acquisition"), and Borealis Industrier AB ("Borealis"), a European manufacturer of instrument panels, door panels and various other automotive interior components (the "Borealis Acquisition"). In addition to broadening its product lines, the acquisitions of Borealis, Masland and AI have expanded the Company's customer base, strengthened its relationships with existing customers and enhanced its technological expertise.

In addition to the Dunlop Cox, Borealis, Masland and AI Acquisitions, Lear has completed five significant strategic acquisitions since 1990. 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 one of the leading independent suppliers of automotive seat systems in Europe (the "FSB Acquisition"). 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 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 (248) 746-1500.

THE OFFERING

Common Stock offered by the Selling Stockholders:		
U.S. Offering	8,230,000	shares(1)
International Offering	2,054,854	shares(1)
Total	10,284,854	shares(1)
NYSE Symbol	LEA	

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(1) Assumes that the Underwriters' over-allotment options are exercised in full.

RISK FACTORS

Investment in the Company's Common Stock involves certain risks discussed under "Risk Factors" that should be considered by prospective investors.

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, 1996, 1995 and 1994 have been audited by Arthur Andersen LLP. The consolidated financial statements of the Company for the three months ended March 29, 1997 and March 30, 1996 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 29, 1997 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 29, 1997	MARCH 30, 1996	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1994
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)				
OPERATING DATA:					
Net sales	$1,724.0	$1,405.8	$6,249.1	$4,714.4	$3,147.5
Operating income	102.1	70.0	375.8	244.8	169.6
Interest expense(1)	27.2	24.4	102.8	75.5	46.7
Net income(2)	41.9	25.8	151.9	91.6	59.8
Net income per share(2)	.62	.43	2.38	1.74	1.26
BALANCE SHEET DATA:					
Total assets	$3,860.4	$3,122.2	$3,816.8	$3,061.3	$1,715.1
Long-term debt	1,001.6	1,033.3	1,054.8	1,038.0	418.7
Stockholders' equity	1,036.2	612.5	1,018.7	580.0	213.6
OTHER DATA:					
EBITDA(3)	$ 145.6	$ 103.2	$ 518.1	$ 336.8	$ 225.7
Depreciation and amortization	43.5	33.2	142.3	92.0	56.1
Capital expenditures	32.6	33.7	153.8	110.7	103.1
North American content per vehicle(4)	312	274	292	227	169
Western European content per vehicle(5)	106	98	109	92	44

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(1) Interest expense includes non-cash charges for amortization of deferred financing fees of approximately $0.9 million, $0.8 million, $3.4 million, $2.7 million and $2.4 million for the three months ended March 29, 1997 and March 30, 1996, and for the years ended December 31, 1996, 1995 and 1994, respectively.

(2) After extraordinary charges of $2.6 million ($.05 per share) for the year ended December 31, 1995 relating to the early extinguishment of debt.

(3) "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.

(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) "Western 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.

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 year ended December 31, 1996 were prepared to illustrate the estimated effects of (i) the Masland Acquisition (including the refinancing of certain debt of Masland), (ii) the public offering of Common Stock by the Company and the application of the net proceeds therefrom in July 1996 (the "1996 Stock Offering"), (iii) the public offering of the Company's 9 1/2% Subordinated Notes due 2006 (the "9 1/2% Notes") and the application of the proceeds therefrom in July 1996 (the "1996 Note Offering") and (iv) the completion of the Company's Amended and Restated Credit and Guarantee Agreement (the "Credit Agreement") and other credit agreement financings in 1996 (collectively, the "Credit Agreement Financings") (collectively, the "Pro Forma Transactions"), as if the Pro Forma Transactions had occurred on January 1, 1996. The following summary pro forma unaudited consolidated financial data do not purport to represent (i) the actual results of operations of the Company had the Pro Forma Transactions occurred on the dates assumed or (ii) the results to be expected in the future.

	FOR THE YEAR ENDED DECEMBER 31, 1996 (DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)
OPERATING DATA:	
Net sales	$6,510.8
Operating income	394.6
Interest expense(1)	113.5
Net income	153.9
Net income per share	2.27
OTHER DATA:	
EBITDA(2)	$ 548.3
Depreciation and amortization	153.7
Capital expenditures	169.8
North American content per vehicle(3)	309
Western European content per vehicle(4)	109

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(1) Interest expense includes non-cash charges for amortization of deferred financing fees of approximately $3.4 million.

(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 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) "Western 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.

RISK FACTORS

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

NATURE OF AUTOMOTIVE INDUSTRY

The Company's principal operations are directly related to domestic and foreign automotive vehicle production. Automotive sales and production are cyclical and can be affected by the strength of a country's general economy. In addition, automotive production and sales can be affected by labor relations issues (including strikes and other work stoppages), 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, Ford and General Motors, accounted for approximately 32% and 30%, respectively, of the Company's net sales during 1996. 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 Lear's continued global expansion, a significant portion of the Company's revenues, expenses and net assets 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.

ANTI-TAKEOVER PROVISIONS

Certain provisions of the Company's Restated Certificate of Incorporation and by-laws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deterring or preventing transactions involving a change of control of the Company, including transactions in which stockholders might otherwise receive a substantial premium for their shares over then current market prices, and may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. For example, under the Restated Certificate of Incorporation, the Board of Directors is authorized to issue one or more classes of preferred stock having such designations, rights and preferences as may be determined by the Board of Directors. In addition, the Board of Directors is divided into three classes, each having a term of three years, with the term of one class expiring each year. A director may be removed from office only for cause. These provisions could delay the replacement of a majority of the Board of Directors and have the effect of making changes in the Board of Directors more difficult than if such provisions were not in place. Further, Section 203 of the Delaware General Corporation Law restricts certain business combinations with any "interested

stockholder" as defined in such law. Certain current stockholders of the Company are not, by virtue of their current holdings, deemed to be "interested stockholders" under this statute. This statute also may delay, deter or prevent a change of control of the Company. See "Description of Capital Stock" for additional information regarding these and certain other anti-takeover provisions adopted by the Company.

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, (iv) changes in practices and/or policies of the Company's significant customers toward outsourcing automotive components and systems, (v) other risks detailed from time to time in the Company's Securities and Exchange Commission filings and (vi) those items identified under "Risk Factors." The Company does not intend to update these forward-looking statements.

COMMON STOCK PRICE RANGE AND DIVIDENDS

The Common Stock is listed for trading on the New York Stock Exchange under the symbol "LEA." The following table sets forth the high and low sale prices of the Common Stock as reported on the New York Stock Exchange for the periods indicated:

	HIGH	LOW
1995:		
First Quarter	$20 7/8	$16 5/8
Second Quarter	24 1/4	17 7/8
Third Quarter	31 1/8	23
Fourth Quarter	32 1/2	26 1/4
1996:		
First Quarter	$34	$25 1/4
Second Quarter	39 1/4	27 1/2
Third Quarter	39 7/8	29 7/8
Fourth Quarter	38 7/8	31 3/4
1997:		
First Quarter	$39 7/8	$33 3/8
Second Quarter (through June 9, 1997)	38 5/8	33 1/4

The reported last sale price of the Common Stock on the New York Stock Exchange Composite Tape as of a recent date is set forth on the cover page of this Prospectus.

As of May 28, 1997, there were 332 holders of record of the outstanding Common Stock and the Company estimates that, at such date, there were approximately 15,400 beneficial holders.

The Company to date has not paid dividends on its Common Stock. Any future payment of dividends is subject to the discretion of the Company's Board of Directors, which may consider the Company's earnings and financial condition and such other factors as it deems relevant. In addition, the Credit Agreement and the Indentures governing Lear's 11 1/4% Senior Subordinated Notes due 2000 (the "Senior Subordinated Notes"), 8 1/4% Subordinated Notes due 2002 (the "Subordinated Notes") and the 9 1/2% Notes presently contain certain restrictions on the Company's ability to pay dividends. The Company does not currently intend to pay cash dividends.

PRO FORMA FINANCIAL DATA

The following pro forma unaudited consolidated statement of income of the Company for the year ended December 31, 1996 was prepared to illustrate the estimated effects of (i) the Masland Acquisition (including the refinancing of certain debt of Masland), (ii) the 1996 Stock Offering, (iii) the 1996 Note Offering and (iv) Credit Agreement Financings (collectively, the "Pro Forma Transactions"), as if the Pro Forma Transactions had occurred on January 1, 1996.

The Pro Forma Statement does not purport to represent (i) the actual results of operations of the Company had the Pro Forma Transactions occurred on the date 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 Statement and accompanying notes should be read in conjunction with the historical financial statements of the Company and Masland, including the notes thereto, and the other financial information pertaining to the Company and Masland, including the information included elsewhere or incorporated by reference in this Prospectus.

PRO FORMA UNAUDITED CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1996

	LEAR HISTORICAL	MASLAND HISTORICAL(1)	OPERATING AND FINANCING ADJUSTMENTS	PRO FORMA
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)			
Net sales	$6,249.1	$263.7	$ (2.0)(2)	$6,510.8
Cost of sales	5,629.4	211.6	(2.0)(2)	5,839.0
Gross profit	619.7	52.1	--	671.8
Selling, general and administrative expenses	210.3	29.2	--	239.5
Amortization	33.6	1.2	2.9 (3)	37.7
Operating income	375.8	21.7	(2.9)	394.6
Interest expense	102.8	2.2	8.5 (4)	113.5
Other expense, net	19.6	1.2	--	20.8
Income before income taxes	253.4	18.3	(11.4)	260.3
Income taxes	101.5	7.9	(3.0)(5)	106.4
Net income	$ 151.9	$ 10.4	$ (8.4)	$ 153.9
Net income per share	$ 2.38			$ 2.27
Weighted average shares outstanding (in millions)	63.8		4.0 (6)	67.8
EBITDA(7)	$ 518.1			$ 548.3

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(1) The Masland historical information reflects Masland historical unaudited results of operations for the period from January 1, 1996 through June 27, 1996, the date on which the Company acquired 97% of Masland's common stock. The results from Masland's operations for the period subsequent to June 27, 1996 are included in the historical results of the Company.

(2) Reflects the elimination of net sales from Masland to the Company from January 1, 1996 through June 27, 1996.

(3) The adjustment to amortization represents the following:

	YEAR ENDED DECEMBER 31, 1996 (DOLLARS IN MILLIONS)
Amortization of goodwill from the Masland Acquisition.....	$ 4.1
Elimination of the historical goodwill amortization of Masland.....	(1.2)
	$ 2.9

(4) Reflects interest expense changes as follows:

	YEAR ENDED DECEMBER 31, 1996 (DOLLARS IN MILLIONS)
Reduction in interest due to application of the net proceeds from the 1996 Stock Offering.....	$(8.8)
Reduction in interest due to application of the net proceeds from the 1996 Note Offering.....	(7.1)
Interest on borrowings to finance the Masland Acquisition...	15.7
Elimination of interest on Masland debt refinanced.....	(2.2)
Interest on the 9 1/2% Notes from January 1, 1996 through July 11, 1996.....	10.1
Other changes in interest expense, commitment fees and amortization of deferred finance fees due to the 1996 Stock Offering, the 1996 Note Offering and the Credit Agreement Financings.....	.8
	$ 8.5

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

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

	YEAR ENDED DECEMBER 31, 1996 (SHARES IN MILLIONS)
Effect of the issuance of 7.5 million shares pursuant to the 1996 Stock Offering.....	3.9
Conversion of certain Masland stock options into Lear stock options in connection with the Masland Acquisition.....	.1
	4.0

(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.

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, 1996, 1995, 1994 and 1993 and June 30, 1993 and 1992 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 29, 1997 and March 30, 1996 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 29, 1997 are not necessarily indicative of the results to be expected for the full 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."

	AS OF OR FOR THE THREE MONTHS ENDED		AS OF OR FOR THE YEAR ENDED					
	MARCH 29, 1997	MARCH 30, 1996	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1994	DECEMBER 31, 1993	JUNE 30, 1993	JUNE 30, 1992
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AND CONTENT PER VEHICLE DATA)							
OPERATING DATA:								
Net sales	$1,724.0	$1,405.8	$6,249.1	$4,714.4	$3,147.5	$1,950.3	$1,756.5	$1,422.7
Gross profit	177.9	120.6	619.7	403.1	263.6	170.2	152.5	115.6
Selling, general and administrative expenses	66.1	43.3	210.3	139.0	82.6	62.7	61.9	50.1
Incentive stock and other compensation expense(1)	--	--	--	--	--	18.0	--	--
Amortization	9.7	7.3	33.6	19.3	11.4	9.9	9.5	8.7
Operating income	102.1	70.0	375.8	244.8	169.6	79.6	81.1	56.8
Interest expense(2)	27.2	24.4	102.8	75.5	46.7	45.6	47.8	55.2
Other expense, net(3)	5.5	3.1	19.6	12.0	8.1	9.2	5.4	5.8
Income (loss) before income taxes and extraordinary items	69.4	42.5	253.4	157.3	114.8	24.8	27.9	(4.2)
Income taxes	27.5	16.7	101.5	63.1	55.0	26.9	17.8	12.9
Net income (loss) before extraordinary items	41.9	25.8	151.9	94.2	59.8	(2.1)	10.1	(17.1)
Extraordinary items(4)	--	--	--	2.6	--	11.7	--	5.1
Net income (loss)	$ 41.9	$ 25.8	$ 151.9	$ 91.6	$ 59.8	$ (13.8)	$ 10.1	$ (22.2)
Net income (loss) per share before extraordinary items(5)	$ .62	$ .43	$ 2.38	$ 1.79	$ 1.26	$ (.06)	$ .25	$ (.62)
Net income (loss) per share(5)	$ .62	$ .43	$ 2.38	$ 1.74	$ 1.26	$ (.39)	$ .25	$ (.80)
Weighted average shares outstanding (in millions)(5)	68.0	60.0	63.8	52.6	47.6	35.5	40.0	27.8
BALANCE SHEET DATA:								
Current assets	$1,426.2	$1,257.9	$1,347.4	$1,207.2	$ 818.3	$ 433.6	$ 325.2	$ 282.9
Total assets	3,860.4	3,122.2	3,816.8	3,061.3	1,715.1	1,114.3	820.2	799.9
Current liabilities	1,584.9	1,306.0	1,499.3	1,276.0	981.2	505.8	375.0	344.2
Long-term debt	1,001.6	1,033.0	1,054.8	1,038.0	418.7	498.3	321.1	348.3
Stockholders' equity	1,036.2	612.5	1,018.7	580.0	213.6	43.2	75.1	49.4
OTHER DATA:								
EBITDA(6)	$ 145.6	$ 103.2	$ 518.1	$ 336.8	$ 225.7	$ 122.2	$ 121.8	$ 91.8
Capital expenditures	$ 32.6	$ 33.7	$ 153.8	$ 110.7	$ 103.1	$ 45.9	$ 31.6	$ 27.9
Number of facilities(7)	149	116	148	107	79	61	48	45
North American content per vehicle(8)	$ 312	$ 274	$ 292	$ 227	$ 169	$ 112	$ 98	$ 94
Western European content per vehicle(9)	$ 106	$ 98	$ 109	$ 92	$ 44	$ 34	$ 26	$ 19

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(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 approximately $0.9 million, $0.8 million, $3.4 million, $2.7 million, $2.4 million, $2.6 million, $3.0 million and $3.2 million for the three months ended March 29, 1997 and March 30, 1996, and for the years ended December 31, 1996, 1995, 1994 and 1993, and the fiscal years ended June 30, 1993 and 1992, respectively.

(3) Consists of foreign currency exchange gain or loss, minority interests in consolidated subsidiaries, equity in net income of affiliates, state and local taxes and other expense.

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

(5) Weighted average shares outstanding and net income (loss) per share are 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) "Western 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.

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 $3.1 billion in the year ended December 31, 1994 to approximately $6.2 billion in the year ended December 31, 1996. Net income over the same period increased from $59.8 million to $151.9 million. The Company's principal operations are directly affected by worldwide automotive vehicle production. Automotive production can be affected by factors such as the country's general economy, labor relation issues, regulatory requirements, trade agreements, and other factors. Labor relations issues at one of the Company's major customers had a negative impact on the results of operations of the Company for the year ended December 31, 1996 and labor relations issues at two of the Company's major customers will have a negative impact on the results of operations of the Company for the three months ended June 28, 1997.

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

GEOGRAPHIC OPERATING RESULTS

	THREE MONTHS ENDED		YEAR ENDED		
	MARCH 29, 1997	MARCH 30, 1996	DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1994
			(DOLLARS IN MILLIONS)		
NET SALES:					
United States and Canada	$1,161.6	$ 916.6	$4,058.0	$3,108.0	$2,378.7
Europe	415.1	382.9	1,621.8	1,325.4	572.5
Mexico and other	147.3	106.3	569.3	281.0	196.3
Net sales	$1,724.0	$1,405.8	$6,249.1	$4,714.4	$3,147.5
OPERATING INCOME:					
United States and Canada	$ 87.1	$ 56.7	$ 302.6	$ 204.8	$ 155.6
Europe	6.9	9.4	49.2	26.5	4.4
Mexico and other	8.1	3.9	24.0	13.5	9.6
Operating income	$ 102.1	$ 70.0	$ 375.8	$ 244.8	$ 169.6

Three Months Ended March 29, 1997 Compared With Three Months Ended March 30, 1996

Net sales of $1,724.0 million in the quarter ended March 29, 1997 surpassed the first quarter of 1996 by $318.2 million or 22.6%. Net sales in the first quarter of 1997 benefited from the June 1996 Masland Acquisition and the December 1996 Borealis Acquisition, which collectively accounted for $207.6 million of the increase from the first quarter of 1996. Further contributing to the overall increase in sales was new business introduced globally within the past year and the incremental volume and content on mature programs in North America and South America.

Net sales in the United States and Canada of $1,161.6 million in the first quarter of 1997 exceeded net sales in the first quarter of 1996 by $245.0 million or 26.7%. Sales in the quarter ended March 29, 1997 benefited from the contribution of $149.3 million in sales from the Masland Acquisition, introduction within the past twelve months of new Ford and Chrysler truck programs and vehicle production increases by domestic automotive manufacturers on certain established programs.

Net sales in Europe of $415.1 million increased by $32.2 million or 8.4% in the first quarter of 1997 as compared to net sales in the first quarter of 1996. Sales in the quarter ended March 29, 1997 benefited from $47.7 million in sales from the Borealis Acquisition. Partially offsetting the increase in sales were unfavorable exchange rate fluctuations in Germany and Sweden and a modest downturn on industry build schedules for carryover programs.

Net sales of $147.3 million for the first quarter of 1997 in the Company's remaining geographic regions, consisting of Mexico, South America, the Asia/Pacific Rim region and South Africa surpassed net sales for the first quarter of 1996 by $41.0 million or 38.6%. Sales in the quarter ended March 29, 1997 benefited from increased Fiat and Volkswagen programs in South America and $10.6 million in sales from a Masland operation in Mexico. Partially offsetting the increase in sales was reduced market demand for existing General Motors truck and Ford passenger car programs in Mexico.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were $177.9 million and 10.3% for the first quarter of 1997 as compared to $120.6 million and 8.6% in the comparable period of 1996. Gross profit improvement in the quarter ended March 29, 1997 reflected the contribution of the Masland and Borealis Acquisitions coupled with the benefits derived from the overall growth in new and ongoing programs.

Selling, general and administrative expenses as a percentage of net sales increased to 3.8% in the first quarter of 1997 as compared to 3.1% in the first quarter of 1996. These expenditures increased in the first quarter of 1997 in comparison to the comparable period of the prior year due to the inclusion of Masland and Borealis operating expenses as well as support expenses associated with established and potential business opportunities.

Operating income and operating margin were $102.1 million and 5.9% for the first quarter of 1997 as compared to $70.0 million and 5.0% for the first quarter of 1996. For the quarter ended March 29, 1997, operating income benefited from the Masland Acquisition, increased market demand and content on car and light truck programs in the United States and Canada and improved performances at certain South America and Asia/Pacific Rim operations. Partially offsetting the increase in operating income were design, development and administrative expenses, program expenses for recently opened facilities in South America and the Asia/Pacific Rim region and the integration of the Company's interior trim operations in Europe. Non-cash depreciation and amortization charges were $43.5 million and $33.2 million for the first quarter of 1997 and 1996, respectively. For the quarter ended March 29, 1997, interest expense increased over the first quarter of 1996 by $2.8 million, largely as a result of interest incurred on additional debt utilized to finance the Masland and Borealis Acquisitions.

Other expenses for the first quarter of 1997, which include state and local taxes, foreign exchange, minority interests in consolidated subsidiaries, equity in net income of affiliates and other non-operating expenses, increased in comparison to the first quarter of the prior year as increases in the provisions for minority interest and state and local taxes more than offset foreign exchange gains.

Net income for the first quarter of 1997 was $41.9 million, or $.62 per share, as compared to $25.8 million, or $.43 per share, in the first quarter of 1996. The provision for income taxes in the current quarter was $27.5 million, or an effective tax rate of 39.6% as compared to $16.7 million, or an effective tax rate of 39.3% in the previous year. Earnings per share increased in the first quarter of 1997 by 44.2% despite an increase in the weighted average number of shares outstanding of approximately 8.0 million shares.

Year Ended December 31, 1996 Compared With Year Ended December 31, 1995

Net sales of $6,249.1 million in the year ended December 31, 1996 represented the fifteenth consecutive year of record sales and exceeded sales of $4,714.4 million in the year ended December 31, 1995 by $1,534.7 million, or 32.6%. Net sales in 1996, as compared to the prior year, benefited from the full year contribution of the AI Acquisition completed in August 1995 and the partial year contribution of the Masland Acquisition in June 1996, respectively, which collectively accounted for $836.3 million of the increase. Further contributing to the overall increase in sales was new business introduced globally within the past year and incremental volume and content on mature programs.

Gross profit and gross margin improved to $619.7 million and 9.9% in 1996 as compared to $403.1 million and 8.6% in 1995. Gross profit in 1996 reflects the contribution of the AI and Masland Acquisitions coupled with the benefits derived from increased revenues from new and ongoing programs. Also contributing to the increase in gross profit was a decrease in start-up expenses from $32.1 million in 1995 to $18.0 million in 1996.

Partially offsetting the increase in gross profit was the cumulative impact of the General Motors work stoppages in the first and fourth quarters of 1996 and downtime associated with a Chrysler model changeover.

Selling, general and administrative expenses, including research and development, as a percentage of net sales increased to 3.4% in the year ended December 31, 1996 as compared to 2.9% a year earlier. In comparison to the prior year, the increase in actual expenditures in 1996 was due to the inclusion of Masland and AI operating expenses as well as increased research and development and administrative support expenses associated with the expansion of domestic and international business.

Operating income and operating margin were $375.8 million and 6.0% in the year ended December 31, 1996 as compared to $244.8 million and 5.2% in the previous year. For 1996, operating income benefited from the incremental operating income generated from acquisitions along with increased revenue from domestic and foreign automotive manufacturers on new and mature programs. Partially offsetting the increase in operating income were design, development and administrative expenses at North American and European Technical Centers, Chrysler's downtime for model changeover and the adverse impact of the General Motors work stoppages. Non-cash depreciation and amortization charges were $142.3 million and $92.0 million for the years ended December 31, 1996 and 1995, respectively.

For the year ended December 31, 1996, interest expense increased by $27.3 million to $102.8 million as compared to the corresponding period in the prior year. The increase in interest expense was largely the result of interest incurred on additional debt utilized to finance the Masland and AI Acquisitions.

Other expenses for the year ended December 31, 1996, which include state and local taxes, foreign exchange, minority interests in consolidated subsidiaries, equity in net income of affiliates and other non-operating expenses, increased to $19.6 million in 1996 as compared to $12.0 million in 1995 as the effect of higher sales volumes on state and local taxes and the provision for minority interest expense from the Company's joint ventures more than offset favorable foreign exchange related to the Company's North American and European operations.

Net income in 1996 was $151.9 million, or $2.38 per share, as compared to $91.6 million, or $1.74 per share in 1995. The increase in net income was due to the Masland Acquisition, a full year activity from the AI Acquisition, new business awarded, cost reduction programs and increased production levels on existing programs. The provision for income taxes in the current year was $101.5 million, or an effective tax rate of 40.1%, as compared to $63.1 million and 40.1% in the previous year. Net income in 1995 reflects an extraordinary loss of $2.6 million related to the early retirement of debt. Earnings per share increased in 1996 by 36.8% despite an increase in the weighted average number of shares outstanding of approximately 11.1 million shares.

United States and Canadian Operations

Net sales in the United States and Canada were $4,058.0 million and $3,108.0 million in the years ended December 31, 1996 and 1995, respectively. Sales in 1996 benefited from the contribution of $708.4 million in incremental sales from the AI and Masland Acquisitions, new passenger car and truck programs introduced during 1996 and modest vehicle production increases by domestic automotive manufacturers on carryover programs. Partially offsetting the increase in sales was the impact of the General Motors work stoppages and downtime associated with a Chrysler model changeover.

Operating income and operating margin were $302.6 million and 7.5% in 1996 as compared to $204.8 million and 6.6% in 1995. The increase in operating income was largely the result of the benefits derived from the acquisitions of AI and Masland as well as the overall growth in domestic vehicle sales, including production of new business vehicle sales. Partially offsetting the increase in operating income were reduced utilization at General Motors and Chrysler facilities and higher engineering and administrative expenses necessary to support established and new business opportunities.

European Operations

Net sales in Europe increased by 22.4% to $1,621.8 million in the year ended December 31, 1996 as compared to $1,325.4 million in the year ended December 31, 1995. Sales in 1996 benefited from increased market demand on existing passenger car and light truck programs in Italy, Germany and Austria and the full year contribution of the AI Acquisition.

Operating income and operating margin were $49.2 million and 3.0% in 1996 as compared to $26.5 million and 2.0% in 1995. Operating income in 1996 benefited from incremental volume on carryover seat and seat component programs, the contribution of the AI Acquisition and improved operating performance at certain of the Company's facilities in England and Germany.

Mexico and Other Operations

Net sales of $569.3 million in 1996 in the Company's remaining geographic regions, consisting of Mexico, South America, the Asia/Pacific Rim region and South Africa, increased by $288.3 million, or 102.6%, from $281.0 million in the comparable period in 1995. Sales in the year ended December 31, 1996 benefited from new business operations in South America, the Asia/Pacific Rim region, and South Africa which accounted for $214.7 million of the increase, higher production build schedules for General Motors and Chrysler programs in Mexico and sales of $22.3 million from a Masland operation in Mexico.

Operating income and operating margin were $24.0 million and 4.2% in 1996 as compared to $13.5 million and 4.8% in 1995. Operating income in 1996 increased primarily due to the benefits derived from the growth in sales activity, including the production of new business operations and the acquisition of Masland. Partially offsetting the increase in operating income were facility and preproduction costs for recently opened facilities in Argentina, India and Venezuela.

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 increased by $1,566.9 million or 49.8% over net sales for the year ended December 31, 1994. Net sales in 1995 benefited from the acquisitions of AI 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 1995 benefited from the overall increase in North American and European sales activity, including 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 1994, and costs associated with new business opportunities in Asia/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 the 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 of 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. 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 prior senior credit facilities.

Other expenses in 1995 increased in comparison to the 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 1995 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, Asia/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 Asia/Pacific Rim, South Africa and South America.

LIQUIDITY AND FINANCIAL CONDITION

The Company's Credit Agreement is a $1.8 billion multicurrency revolving credit facility with a syndicate of financial institutions. The Credit Agreement matures on September 30, 2001 and borrowings thereunder may be used for general corporate purposes. The Credit Agreement is guaranteed by certain of the Company's significant domestic subsidiaries and secured by a pledge of the capital stock of certain of the Company's domestic and foreign subsidiaries. Generally, United States dollar loans under the Credit Agreement bear interest, at the election of the Company, at a floating rate equal to (i) the higher of a specified bank's prime rate and the federal funds rate plus 0.5% or (ii) the Eurodollar rate plus 0.275% to 0.625%, depending on the level of the Company's coverage ratio (as specified in the Credit Agreement). Foreign currency borrowings under the Credit Agreement may be made at floating interest rates set forth in the Credit Agreement. In addition, at the Company's option, the Company may incur United States dollar loans under competitive advance facilities and foreign currency loans under alternative currency facilities at interest rates to be agreed upon at the time of such loans. The Company also pays a facility fee on the total $1.8 billion commitment equal to 0.15% to 0.25% per annum, depending on the level of the Company's coverage ratio (as specified in the Credit Agreement). As of March 29, 1997, the Company had $450.3 million outstanding under the Credit Agreement, and an additional $38.5 million was committed under outstanding letters of credit, resulting in approximately $1.3 billion unused and available. The Company used borrowings under the Credit Agreement to finance the Dunlop Cox Acquisition and intends to use new borrowings under the Credit Agreement to finance the Keiper Acquisition.

In addition to debt outstanding under the Credit Agreement, as of March 29, 1997, the Company had an additional $571.5 million of debt, primarily consisting of $470.0 million of subordinated debentures due between 2000 and 2006. On May 30, 1997, the Company gave notice to the Trustee for holders of the Senior Subordinated Notes, pursuant to which the Company has stated its intention to redeem, at 100% of principal amount, all $125.0 million outstanding of the Senior Subordinated Notes on July 15, 1997 (the "Redemption"). The Company intends to use new borrowings under the Credit Agreement to fund the Redemption.

As of March 29, 1997 the Company had $16.3 million of cash and cash equivalents. The Company's scheduled principal payments, including the Redemption, on long-term debt are $133.0 million, $49.4 million, $6.6 million, $5.8 million and $452.0 million in the remainder of 1997, 1998, 1999, 2000 and 2001, respectively.

The Company believes that cash flows from operations and available credit facilities will be sufficient to meet its debt service obligations, projected capital expenditures and working capital requirements for the foreseeable future.

As a result of its continued global expansion, the amount of the Company's revenues and expenses denominated in currencies other than the U.S. Dollar continues to increase. The Company closely monitors its exposure to currency fluctuations and, where cost justified, adopts strategies to reduce this exposure.

The Credit Agreement, the Senior Subordinated Notes, the Subordinated Notes and the 9 1/2% Notes impose various restrictions and covenants on the Company, including, among other things, financial covenants relating to the maintenance of minimum net worth and interest coverage ratios, maximum leverage ratio, as well as restrictions on indebtedness, guarantees, acquisitions, capital expenditures, investments, loans, liens, dividends and other restricted payments and assets sales. Such restrictions 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, 1996, the Company's capital expenditures aggregated approximately $153.8 million, of which approximately $49.9 million was related to the addition of new facilities and

other expenditures for new programs, $22.0 million was related to replacement programs, and the remainder was spent for increased capacity and cost reduction at existing facilities and continuing maintenance requirements. For the years ended December 31, 1995 and 1994, capital expenditures of the Company were $110.7 million and $103.1 million, respectively. For 1997, the Company anticipates capital expenditures of approximately $185.0 million.

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's policy is to comply with all applicable environmental laws and maintain procedures to promote compliance. However, the Company has been, and in the future may become, the subject of formal or informal enforcement actions or procedures. 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 facility in Mendon, Michigan. Management believes that the Company will not incur compliance costs or cleanup costs 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 two Superfund sites where liability has not been substantially resolved. Management believes that the Company is, or may be, responsible for less than one percent, if any, of the total costs at the two Superfund sites. The Company has also been identified as a PRP at two additional sites where liability has not been substantially resolved, as well as at several other sites (including Superfund sites) at which no significant liability issues known to the Company remain open at this time. In addition, the Company is one of a number of defendants in a state court action brought by a group of plaintiffs in Texas who have claimed various impacts from a Texas landfill to which the Company and others allegedly sent waste. The Company's expected liability, if any, at these 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 Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Recognition of Impairment of Long-lived Assets", which specifies when and how impairment of virtually all long-lived assets should be measured and recorded. In general, the statement requires that whenever circumstances raise doubt about the recoverability of long-lived assets, the Company should analyze the future cash flows expected from such assets to determine if impairment exists. This statement was adopted prospectively on January 1, 1996, and no such impairment was recognized during 1996.

Also during 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation", which was 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 has adopted the statement by disclosing the effects of the fair value method in Note 16 to its 1996 financial statements.

BUSINESS OF THE COMPANY

GENERAL

Lear is one of the largest independent suppliers of automotive interior systems in the estimated $45 billion global automotive interior systems market and one of the ten largest independent automotive suppliers in the world. The Company has experienced substantial growth in market presence and profitability over the last five years as a result of both internal growth and acquisitions. The Company's sales have grown from approximately $1.4 billion for the year ended June 30, 1992 to over $6.2 billion for the year ended December 31, 1996, a compound annual growth rate of 39%. In addition, the Company's operating income has grown from $56.8 million for the year ended June 30, 1992 to $375.8 million for the year ended December 31, 1996, a compound annual growth rate of 51%. The Company's present customers include 26 OEMs, the most significant of which are Ford, General Motors, Fiat, Chrysler, Volvo, Saab, Volkswagen and BMW. As of April 30, 1997, the Company employed over 45,000 people in 22 countries and operated 149 manufacturing, technology, product engineering and administration facilities.

Lear is a leading supplier of automotive interiors with in-house capabilities in all five principal automotive interior segments: seat systems; floor and acoustic systems; door panels; instrument panels; and headliners. In addition, as one of the leading independent global suppliers of interior systems and components to OEMs, Lear is able to offer its customers design, engineering and project management support for the entire automotive interior. Management believes that the ability to offer automotive interior "one-stop-shopping" provides Lear with a competitive advantage as OEMs continue to reduce their supplier base and demand improved quality and enhanced technology. In addition, the Company's broad array of products and process offerings enables it to provide each customer with products tailored to its particular needs.

Lear is focused on delivering high quality automotive interior systems and components to its customers on a global basis. 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 Eastern Europe, South America, South Africa and the Asia/Pacific Rim region, giving it the capability to provide its products on a global basis to its OEM customers. For example, in 1996, Lear entered into a joint venture to supply seat systems in Thailand to a joint venture between Ford and Mazda. In 1996, Lear also announced its entry into the Chinese market with a joint venture to supply seat systems and interior trim components for Isuzu trucks and Ford transit vans. In addition, during 1996 Lear was awarded a contract to supply seat and interior trim systems in Argentina for Ford's Ranger program and began its production of seat systems for the Palio (Fiat's world car) in Brazil. Since late 1995, the Company has also established joint ventures in Brazil and Argentina and has opened facilities in South Africa, India, Indonesia, Australia and Venezuela. As a result of the Company's efforts to expand its worldwide operations, the Company's sales outside the United States and Canada have grown from $0.4 billion, or 29.7% of the Company's total sales, for the year ended June 30, 1992 to $2.2 billion, or 35.1% of the Company's total sales, for the year ended December 31, 1996.

In 1996, after giving pro forma effect to the Masland Acquisition, Lear was one of the leading independent suppliers to the estimated $45 billion global automotive interior market, with a 13% share. In addition, after giving pro forma effect to the Masland Acquisition, the Company in 1996 held a leading 37% share of the estimated $7.9 billion North American seat systems market and a 37% share of the estimated $1.4 billion North American floor and acoustic systems market. In 1996, the Company was also a leading independent supplier to the estimated $7.2 billion Western European seat systems market, with a 17% share. After consummation of the Keiper Acquisition, Lear will have a leading 23% share of the Western European seat systems market. The door panel, headliner and instrument panel segments of the automotive interior market 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 OEMs in the North American and European markets to outsource more of their door panel, headliner and instrument panel requirements.

The Company is the successor to a manufacturer of automotive steel components 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.

STRATEGY

Lear's business objective is to expand its position as one of the leading independent suppliers of automotive interior systems in the world. Lear intends to build on its full-service capabilities, strong customer relationships and worldwide presence to increase its share of the global automotive interior market. To achieve this objective, the Company will continue to pursue a strategy based upon the following elements:

- Enhance its Strong Relationships with OEMs. The Company's management has developed strong relationships with its 26 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 "Customer Focused Divisions" for each of its major customers. This organizational structure consists of several dedicated groups, each of which is focused on serving the needs of a single customer and supporting that customer's programs and product development. Each division can provide all the interior systems and components the customer needs, allowing that customer's purchasing agents, engineers and designers to have a single point of contact. Lear maintains an excellent reputation with 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.

- Penetrate Emerging Markets. Geographic expansion will continue to be an important element of the Company's growth strategy. In 1996, more than two-thirds of total worldwide vehicle production occurred outside the United States and Canada. Emerging markets such as South America and the Asia/Pacific Rim region present strong global growth opportunities as demand for automotive vehicles has been increasing dramatically in these areas. For example, from 1991 through 1996, sales of light vehicles in China have increased nearly 500%, while sales in Brazil have increased over 70%. It is anticipated that population and per capita income in China, Brazil and other emerging markets will continue to increase. Industry analysts forecast that these underlying trends will result in continued strong increases in light vehicle sales in these and certain other emerging markets. As a result of Lear's strong customer relationships and worldwide presence, management believes that the Company is well positioned to expand with OEMs in emerging markets.

- Capitalize on New Outsourcing Opportunities. The door panel, instrument panel and headliner segments of the automotive interior market contain no dominant independent supplier and are in the early stages of the outsourcing and/or consolidation process. These segments constituted over 20% of the total estimated $45 billion global automotive interior market in 1996. 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 customers to outsource more of their door, instrument panel and headliner system and component requirements. In addition, management believes that as the outsourcing of these systems accelerates and OEMs continue their worldwide expansion and seek ways to improve vehicle quality and reduce costs, OEMs will increasingly look to independent suppliers such as Lear, 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 perform this role.

- Invest in Product Technology and Design Capability. Lear has made substantial investments in product technology and product design capability to support its products. The Company maintains five technology centers and twenty customer focused product engineering centers where it designs and develops new products and conducts extensive product testing. The Company also has state-of-the-art acoustics testing, instrumentation and data analysis capabilities. Lear's investments in research and development are consumer-driven and customer-focused. The Company conducts extensive analysis and

testing of consumer responses to automotive interior styling and innovations. Because OEMs increasingly view the vehicle interior as a major selling point to their customers, the focus of Lear's research and development efforts is to identify new interior features that make vehicles safer, more comfortable and attractive to consumers. For example, in 1996 Lear developed a One-Step(TM) door which consolidates all of the door's internal mechanisms including glass, window regulators and latches, providing customers with a higher quality door at a lower price. In addition, Lear has developed a lightweight, adjustable seat with built in lateral accelerometers that automatically adjust the side bolsters to provide passengers with additional support during sharp turns. In 1996, the Company also developed a "Mobile Office" unit, specially designed to fit across the vehicle's width, that contains customized containers for portable computers, fax machines, hanging files and other items. The development of these and similar products has been, and management believes will continue to be, an important element in the Company's future growth. For automotive vehicles manufactured in North America, Lear's total content per vehicle has increased from $94 per vehicle in the fiscal year ended June 30, 1992 to $292 per vehicle in the fiscal year ended December 31, 1996. For automotive vehicles manufactured in Western Europe, Lear's total content per vehicle has increased from $19 per vehicle in the fiscal year ended June 30, 1992 to $109 per vehicle in the fiscal year ended December 31, 1996.

- Utilize Worldwide JIT Facility Network. Beginning in the 1980s, Lear established facilities, most of which were, and still are, dedicated to a single customer, that allowed it to receive components from its suppliers on a just-in-time ("JIT") basis and deliver seat systems to its customers on a sequential JIT basis. This process minimizes inventories and fixed costs for both the Company and its customers and enables the Company to deliver products in as little as 90 minutes notice. In many cases, by carefully managing floor space and overall efficiency, Lear can move the final assembly and sequencing of other interior systems and components from centrally located facilities to its existing JIT facilities. Management believes that the efficient utilization of the Company's JIT facilities located around the world is an important aspect of Lear's global growth strategy and, together with the Company's system integration skills, provides Lear with a significant competitive advantage in terms of delivering total interior systems to OEMs.

- Grow Through Strategic Acquisitions. Strategic acquisitions have been, and management believes will continue to be, an important element in the Company's worldwide growth and in its efforts to capitalize on the outsourcing and supplier consolidation trends. The Company seeks acquisitions which strengthen Lear's relationships with OEMs, complement Lear's existing products and process capabilities and provide Lear with growth opportunities in new markets. The Company's recent acquisitions have expanded its OEM customer base and worldwide presence and have enhanced its relationships with existing customers. The Borealis, Masland and AI Acquisitions also provide the Company with a substantial presence in the non-seating segments of the automobile and light truck interior market. The Company believes that these markets hold significant growth potential. In 1996, after giving pro forma effect to the Masland Acquisition, the Company's Tier I sales of non-seating systems and components would have been approximately $2.1 billion, or approximately 34% of the Company's total pro forma sales. The Company will continue to consider strategic acquisitions that provide opportunities to enhance its market position, expand its global presence, increase its product offerings, improve its technological capabilities or enhance customer relationships.

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:

Keiper Acquisition

On May 26, 1997, the Company entered into a definitive agreement to acquire certain equity and partnership interests in Keiper for DM 400 million (approximately $235 million). In connection with the Keiper Acquisition, Lear will also pay or assume outstanding indebtedness of Keiper anticipated to be approximately $28 million. Keiper is a leading supplier of automotive vehicle seat systems on a JIT basis for

markets in Europe, Brazil and South Africa, and had 1996 sales of approximately $615 million. Management believes that the Keiper Acquisition will strengthen Lear's core seat system business, expand Lear's presence in Europe, Brazil and South Africa and strengthen Lear's relationships with Mercedes Benz, Audi, Volkswagen and Porsche. The Keiper Acquisition, which is subject to clearance by the Antitrust Commission of the European Union, is expected to close in the third quarter of 1997. However, there can be no assurances that the Keiper Acquisition will be consummated.

Dunlop Cox Acquisition

On June 5, 1997, the Company acquired the stock of Dunlop Cox for approximately $60 million. Dunlop Cox, based in Nottingham, England, provides Lear with the ability to design and manufacture manual and electronically-powered automotive seat adjusters. For the year ended December 31, 1996, Dunlop Cox had sales of approximately $39 million.

Borealis Acquisition

In December 1996, the Company acquired all of the issued and outstanding shares of common stock of Borealis, a leading Western European supplier of instrument panels, door panels and other automotive components. The Borealis Acquisition provided the Company with the technology to manufacture instrument panels, giving the Company the ability to produce complete interior systems. Borealis also produces door panels, climate systems, exterior trim and various components for the Western European automotive, light truck and heavy truck industries. In addition, the Borealis Acquisition increased the Company's presence in the Western European market and strengthened its relationships with Volvo, Saab and Scania. The aggregate purchase price for the Borealis Acquisition was approximately $91.1 million.

Masland Acquisition

On July 1, 1996, the Company completed the acquisition of all of the issued and outstanding shares of common stock of Masland for an aggregate purchase price of $475.7 million. The Masland Acquisition gave Lear manufacturing capabilities to produce floor and acoustic systems. In 1996, after giving pro forma effect to the Masland Acquisition, Lear held a 37% share of the estimated $1.4 billion North American floor and acoustics systems market. As a result of the Masland Acquisition, Lear also became a major supplier of interior and luggage trim component and other acoustical products which are designed to minimize noise, vibration and harshness for passenger cars and light trucks. The Masland Acquisition also provided Lear with access to certain leading-edge technology. Its 33,000 square foot Technology Center in Plymouth, Michigan provides full service acoustics testing, design, product engineering, systems integration and program management.

AI Acquisition

In August 1995, the Company acquired all of the issued and outstanding shares of 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 50% of the total combined worldwide interior market. By providing the Company with substantial manufacturing capabilities in door panels and headliners, the AI Acquisition made Lear one of the largest independent Tier I suppliers of automotive interior systems in the North American and Western European light vehicle interior market. The aggregate purchase price for the AI Acquisition was $881.3 million.

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 a market leader in automotive seat systems in Europe, but, combined with its position in North America, made Lear one of the largest automotive seat systems manufacturers 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 are supplying 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, which expires in November 1998, 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 supply relationships with the respective OEMs.

PRODUCTS

Lear's products have evolved from the Company's many years of manufacturing experience in the automotive seat frame market where it has been a 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 premier supplier of entire seat systems and seat components. With the acquisitions of Borealis, Masland and AI, the Company has expanded its product offerings and can now manufacture and supply its customers with complete interiors, including floor systems, door panels, instrument panels and headliners. 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. In addition, with the Borealis, Masland and AI Acquisitions, the Company believes that it has significant cross-selling opportunities across its customer base as well as its vehicle platforms and is well-positioned to expand its position as one of the leading independent suppliers of automotive interior systems and components in the world.

The following is the approximate composition by product category of the Company's net sales in the year ended December 31, 1996, after giving pro forma effect to the Masland Acquisition: seat systems, $4.4 billion; floor and acoustic systems, $0.5 billion; door panels, $0.3 billion; headliners, $0.1 billion; and other component products, $1.2 billion.

- Seat Systems. The seat systems business consists of the manufacture, assembly and supply of vehicle seating requirements. 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 has been a leader in producing convenience features and safety improvements into its seat designs. For example, in 1996, Lear developed automatically adjusting seats that provide passengers additional support during sharp turns. In addition, Lear has recently introduced a newly designed, integrated restraint seat system that increases occupant comfort and convenience. Licensed exclusively to Lear, this patented seating concept uses a special ultra high-strength steel tower, a blow-molded seat back frame and a split-frame design to improve occupant comfort and convenience. Other recent product ideas include newly developed fabric seat heaters, a "Sound Seat," which has a high output bass speaker built into the back seat, and a Code-Alarm(TM) integrated seat, which includes a security device that automatically moves the back of the driver seat against the steering wheel to deter theft.

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 is currently working with customers in the development of a number of seat systems products to be introduced by automotive manufacturers in the next six years.

- 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 is one of the largest independent suppliers of vinyl automotive floor systems in North America, and one of the only suppliers of both carpet and vinyl automotive floor systems. With the Masland Acquisition, the Company acquired Maslite(TM), a recently developed material that is 40% lighter than vinyl, which has replaced vinyl accessory mats on selected applications.

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. Masland's significant experience has enabled the Company 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, vibration and harshness 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.

Lear'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 Company's ability to produce both the dash insulator and the floor system enables it 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.

In 1996, after giving pro forma effect to the Masland Acquisition, the Company held a 37% share in the estimated $1.4 billion North American floor and acoustic systems market. In addition, the Company 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, 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 1996, Lear introduced the One-Step(TM) door, an innovative door system concept which consolidates all of the door's internal mechanisms, including glass, window regulators and latches, providing customers with a higher quality product at a lower price. Assembly of the One-Step(TM) door involves combining an injection molded plastic door panel with all major mechanical components and an interior trim cover, into a single system which can be shipped to OEMs fully assembled, tested and ready to install. Management believes that the One-Step(TM) door, while not yet in production, offers Lear significant opportunities to capture a major share of the estimated $8 billion modular door market.

In 1996, among independent automotive interior suppliers, the Company held a leading 14% share of the estimated $1.6 billion North American door panel market. Management believes that this leadership position has been achieved 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 contain no dominant supplier and are just beginning to experience the outsourcing and 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.

- Instrument Panels. The instrument panel is a complex system of foil coverings, foams, plastics and metals designed to house various components and act as a safety device for the vehicle occupants. Specific components of the instrument panel include the heating, venting and air conditioning (HVA/C) module, air distribution ducts, air vents, cross car structure, glove compartment assemblies, electrical components, wiring harness, radio system, and passenger airbag units. As the primary occupant focal point of the vehicle interior, the instrument panel are designed to be aesthetically pleasing while also serving as the structural carrier of various components.

Safety issues surrounding air bag technologies are currently a significant focus of the instrument panel segment. Management believes that Lear will continue to increase its presence in this area through its research and development efforts, resulting in innovations such as the introduction of cost effective, integrated, seamless airbag covers, which increase occupant safety. Future trends in the instrument panel segment will continue to focus on safety with the introduction of low-mounted airbags as knee restraint components.

Cost, weight and part minimization are also key elements in instrument panel development for the next generation of vehicle systems. Lear's goals are to meet future OEM requirements by increasing the integration level of instrument panel components, and by incorporating additional safety features on the primary carrier. Currently, the majority of instrument panel components are assembled at the assembly plant by the OEM. By utilizing its years of JIT assembly experience of complex automotive interior systems, management believes Lear has the ability to capitalize on the OEMs' trend toward outsourcing of complete instrument panel systems and to increase its share of the worldwide instrument panel market.

- 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 headliner 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 achieve internally.

OEMs are increasingly requiring independent suppliers, such as Lear to produce integrated overhead systems. In 1997, Lear introduced an advanced overhead system which incorporates HVA/C ducting, an occupant position detection system, CD changer, trim inflatable tubular structure side air bags and surround sound speakers into a single integrated overhead system. The Company believes that as this and other products move from the design stage to the production stage over the next several years, Lear will have significant opportunities to increase its share of the headliner market.

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, blow molded plastic parts and other automotive components.

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 gives 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 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 and government specified safety standards. The Company's seat frames are either delivered to its own plants, where they become part of a complete seat system that is sold to the OEM customer or are delivered to other independent seating suppliers for use in the manufacture of assembled seating systems.

The Company also 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 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 is finished by trimming, drilling and other operations.

MANUFACTURING

All of the Company's manufacturing facilities use JIT manufacturing techniques. 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 automotive 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 adapted for compatibility with the greater volume requirements and geographic distances of the North American market. The Company first developed JIT operations in the early 1980's at its seat frame manufacturing plants in Morristown, Tennessee and Kitchener, Ontario, Canada. These plants had 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 principles. The Company's seating plants are typically no more than 30 minutes or 20 miles from its customers' assembly plants and are able to 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 following week. In addition, constant computer and other communication connections are maintained between personnel at the Company's plants and personnel at the customers' plants to keep production current with the customers' demand.

As the Company expands its product line to include total automotive interiors, it is also expanding its JIT facility network. The Company's strategy is to leverage its JIT seat system facilities by moving the final assembly and sequencing of other interior components from its centrally located facilities to its JIT facilities.

A description of the Company's manufacturing processes for its product segments is set forth below.

- Seat Systems. 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) and DryBond(TM) processes, in which fabric is affixed to the underlying foam padding using adhesives. The SureBond(TM) and DryBond(TM) processes have several major advantages when compared to traditional methods, including design flexibility, increased quality and lower cost. The SureBond(TM) and DryBond(TM) processes, unlike alternative bonding processes, result in a more comfortable seat in which air can circulate freely. The SureBond(TM) and DryBond(TM) processes, moreover, are reversible, so that seat covers that are improperly installed can be removed and repositioned properly with minimal materials cost. In addition, the SureBond(TM) and DryBond(TM) processes are not capital intensive when compared to competing bonding technologies. Approximately one-fourth of the Company's seats are manufactured using the SureBond(TM) and DryBond(TM) processes.

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 minimize production space, 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 customers' assembly plants.

The Company obtains steel, aluminum and foam chemicals used in its seat systems from several producers under various supply arrangements. These materials 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.

- Floor and Acoustic Systems. The Company produces carpet at its plant in Carlisle, Pennsylvania. Smaller "focused" facilities are dedicated to specific groups of customers and are strategically located near their production facilities. This proximity improves responsiveness to its customers and speeds product delivery to customer assembly lines, which is done on a JIT basis. The Company'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 its EcoPlus(TM) recycling process as well as Maslite(TM), a lightweight proprietary material used in the production of accessory mats.

- Door Panels/Headliners. The Company uses numerous molding, bonding, trimming and finishing manufacturing processes. The wide variety of manufacturing processes helps to satisfy a broad range of customers' different cost and functionality specifications. The Company's ability and experience in producing interior products for such a vast array of applications enhances its ability to provide total interior solutions to OEMs globally. The Company is beginning to employ many of the same JIT principles used at the Company's seat facilities.

The core technologies used in the Company'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 Lear's strategy is to focus on more complex, value-added products such as door panels and armrests. The Company 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 the Company. 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. Lear is continuing to develop recycling methods in light of future environmental requirements and conditions in order to maintain its competitive edge in this segment.

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, automotive 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.

- Instrument Panels. Lear's in-house process capabilities for producing instrument panels include injection molding, vacuum forming, and other various finishing methods. Lear's foil and foam capabilities, whereby molded vinyl is bonded to a plastic substrate using an expandable foam, are used throughout the world. One of Lear's current development projects is an instrument panel concept for trucks produced with low pressure injection molding which management believes will be in production by the beginning of 1998. Lear is continuing to develop recycling methods in light of future environmental requirements and conditions in order to reduce costs and increase its presence in this segment. The wide variety of available manufacturing processes helps Lear to continue to meet customer cost and functionality specifications.

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 (Mercedes) Benz, Mitsubishi, Mazda, Toyota, Subaru, Nissan, Isuzu, Peugeot, Porsche, Renault, Suzuki, Hyundai and Daewoo. During the year ended December 31, 1996, Ford and General Motors, the two largest automobile and light truck manufacturers in the world, accounted for approximately 32% and 30%, respectively, of the Company's net sales. For additional information regarding customers, foreign and domestic operations and sales, see Note 18, "Geographic Segment Data," to the 1996 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, certain OEMs have eliminated the production of seat systems and other interior systems and components from certain of their facilities, thereby committing themselves to purchasing these items 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 and other interior systems and components from full-service independent suppliers like Lear 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 interior systems by the OEM, (iii) a reduction in net overhead expenses and capital investment due to the availability of significant floor space for the 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 automotive interior 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 many 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 vehicles 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.

Lear maintains "Customer Focused Divisions" for each of the Company's major customers. This organizational structure consists of several dedicated groups, each of which is focused on serving the needs of a single customer and supporting that customer's programs and product development. Each division is capable of providing whatever interior component the customer needs, thereby providing that customer's purchasing agents, engineers and designers with a single point of contact for their total automotive interior needs.

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, 1996 were comprised of the following vehicle categories: 42% light truck; 23% mid-size; 17% compact; 10% luxury/sport; and 8% full-size. The following table presents an overview of the major vehicle models for which the Company, or its affiliates, produces automotive interior systems or components and the locations of such production:

NORTH AMERICA

BMW:
Z3
Z3 Coupe

CHRYSLER:
Chrysler Cirrus
Chrysler Concorde
Chrysler LHS
Chrysler Sebring
Chrysler Sebring Convertible
Chrysler Town & Country
Dodge Avenger
Dodge Caravan
Dodge Dakota
Dodge Intrepid
Dodge Neon
Dodge Ram
Dodge Ram Van
Dodge Ram Wagon
Dodge Ramcharger
Dodge Stratus
Dodge Viper
Eagle Talon
Eagle Vision
Jeep Cherokee
Jeep Grand Cherokee
Jeep Wrangler
Plymouth Breeze
Plymouth Neon
Plymouth Voyager

FORD:
Ford Aerostar
Ford Contour
Ford Crown Victoria
Ford Econoline
Ford Escort
Ford Expedition

FORD (CONT):
Ford Explorer
Ford F-Series
Ford Ghia
Ford Mustang
Ford Probe
Ford Ranger
Ford Taurus
Ford Thunderbird
Ford Windstar
Lincoln Continental
Lincoln Mark VIII
Lincoln Town Car
Mercury Cougar
Mercury Grand Marquis
Mercury Mountaineer
Mercury Mystique
Mercury Sable
Mercury Tracer
Mercury Villager

GENERAL MOTORS:
Buick Century
Buick LeSabre
Buick Park Avenue
Buick Regal
Buick Riviera
Buick Skylark
Cadillac Catera
Cadillac DeVille/Concours
Cadillac Eldorado/Seville
Chevrolet Astro
Chevrolet Blazer
Chevrolet C/K
Chevrolet Camaro
Chevrolet Cavalier

GENERAL MOTORS (CONT):
Chevrolet Corvette
Chevrolet Express
Chevrolet Kodiak
Chevrolet Lumina
Chevrolet Malibu
Chevrolet Monte Carolo
Chevrolet S 10
Chevrolet Suburban
Chevrolet Swing
Chevrolet Tahoe
Chevrolet Venture
Geo Prizm
GMC Jimmy
GMC Safari
GMC Savana
GMC Sierra
GMC Sonoma
GMC Suburban
GMC Top-Kick
GMC Yukon
Oldsmobile Achieva
Oldsmobile Aurora
Oldsmobile Bravada
Oldsmobile Cutlass
Oldsmobile Cutlass Supreme
Oldsmobile Silhouette
Oldsmobile 88
Pontiac Bonneville
Pontiac Firebird
Pontiac Grand Am
Pontiac Grand Prix
Pontiac Sunfire
Pontiac Transport
Saturn
Saturn EV1

GENERAL MOTORS/SUZUKI:
Geo Metro
Geo Tracker
Suzuki Sidekick
Suzuki Swift

HONDA:
Accord
Acura CL
Civic
Passport

MAZDA:
MX-6
Pickup
626

MITSUBISHI:
Eclipse
Galant

NISSAN:
Altima
Pickup
Quest
Sentra

SUBARU/ISUZU:
Isuzu Rodeo
Subaru Legacy

TOYOTA:
Avalon
Camry
Corolla
Tacoma

VOLKSWAGEN:
Cabrio
Golf
GPA Minivan
Jetta

EUROPE

ALFA ROMEO:
Coupe
Spider
145
146
155
164

AUDI:
A3
A4
A6
A8

BMW:
3 Series
5 Series

CHRYSLER:
Eurostar

FIAT:
Barchetta
Bravo/Brava
Coupe
Croma

FIAT (CONT):
Ducato
Marea
Panda
Punto

FORD:
Escort
Fiesta
Mondeo
Scorpio

HONDA:
Honda Accord
Honda Civic

JAGUAR:
XJ Series
XK8

LANCIA:
Dedra
Delta
Kappa
Y

MERCEDES:
C Class
E Class
S Class

OPEL:
Astra
Corsa
Omega
Sintra
Vectra

PORSCHE:
Boxster
911

RENAULT:
Cabrio

ROVER:
Defender
Discovery
MGF
Mini
Range Rover

ROVER (CONT):
100
200
400
600
800

SAAB:
900
9000

TOYOTA:
Carina
Corolla

VOLKSWAGEN:
Golf
Passat
Transit
T4-Multivan
Viento

VOLVO:
Series 800
Series 900

OTHER REGIONS

BMW (SOUTH AFRICA):
3 Series

DAEWOO (POLAND):
Tico

FIAT (POLAND):
500
Uno

FIAT (SOUTH AMERICA):
Bravo/Brava
Duna
Fiorino
Palio
Spazio
Tempra
Tipo
Uno

FORD (SOUTH AMERICA):
Ford Ranger

GENERAL MOTORS (AUSTRALIA):
Berlina
Calais
Caprice
Executive
Statesman

GENERAL MOTORS (INDONESIA):
S-10 Blazer

GENERAL MOTORS (S. AMERICA):
Chevrolet C/K

HYUNDAI (KOREA):
Grandeur

OPEL (INDIA):
Astra

PEUGEOT (SOUTH AMERICA):
306
405
504

SEAT (SOUTH AMERICA):
Cordoba

VOLVO (THAILAND):
800 Series
900 Series

VOLKSWAGEN (S. AMERICA):
Combi
Gol
Saveiro

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' 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 United Auto Workers ("UAW") and the Canadian Auto Workers ("CAW"), in order for any of such manufacturers to obtain from external sources components that it currently produces, 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 the new supplier is unionized, 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 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.

General Motors has experienced work stoppages during 1996 and 1997, primarily relating to the outsourcing of automotive components. Chrysler has also experienced a work stoppage in 1997, primarily relating to the outsourcing of automotive components. These work stoppages halted the production of certain vehicle models and adversely affected the Company's operations.

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 productivity price reduction 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 customer relationships, which have been developed over its 80-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 automotive manufacturers are an integral part of the Company's marketing strategy. Recognizing this, the Company is organized into independent divisions, each with the ability to focus on its 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 by instilling a philosophy of "cooperative autonomy," the Company is more responsive to, and has strengthened its relationships with, its customers. OEMs have generally continued to reduce the number of their suppliers as part of a strategy of purchasing interior 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 OEMs 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 technology 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 numerous 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 help avoid duplication of sales and engineering efforts.

TECHNOLOGY

The Company conducts advanced product design development at its technology centers in Southfield, Michigan, Plymouth, Michigan, Ebersberg, Germany, Middlemarch, England and Turin, Italy and at 20 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 believes that in order to effectively develop total interior systems, it is necessary to integrate the research, design, development and styling of all interior subsystems. Accordingly, during 1997, the Company began consolidating its North American technology centers at its world headquarters in Southfield, Michigan.

The Company has dedicated, and will continue to dedicate, resources to research and development to maintain its position as a leading technology developer 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 selling, general and administrative expenses as incurred. Such costs amounted to approximately $70.0 million, $53.3 million and $21.9 million for the years ended December 31, 1996, 1995 and 1994, respectively. Engineering expenses related to current production are charged to cost of sales as incurred and amounted to $21.4 million, $14.1 million and $8.9 million for the years ended December 31, 1996, 1995 and 1994, respectively.

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 continually invests in its CAE and CAD/CAM systems. Recent enhancements to these systems include customer telecommunications and direct interface with customer CAD systems.

Lear uses its patented SureBond(TM) process (the patent for which expires in approximately 7 years) 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 to achieve new seating shapes, such as concave shapes, which were previously difficult to manufacture. The Company has recently improved this process through the development of its patented DryBond(TM) process which allows for the bonding of vinyl and leather to seat cushions and seat backs. This process further increases manufacturing efficiency, provides longer work cycles for automotive seats and yields more design flexibility for automotive interior components.

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 technology and engineering centers, the Company provides comprehensive support to its OEM customers from product development to production.

The Company 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. The Company also owns a 29% interest in Precision Fabrics Group, Inc. ("PFG"), which has patented a process to sew and fold an ultralight fabric into airbags which are 60% lighter than airbags currently used in the automotive industry. As this new airbag can fit 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. Additionally, the Company continues to identify and implement new technologies for use in the design and development of its products.

JOINT VENTURES AND MINORITY INTERESTS

The Company currently has 15 joint ventures and minority-owned affiliates located in 10 countries. The Company pursues attractive joint ventures in order to assist its entry into new markets, facilitate the exchange of technical information, expand its product offerings, and broaden its customer base. In 1996, the Company expanded its presence in the Asia/Pacific Rim region with a joint venture with NHK Spring Co., Ltd. to supply seat systems in Thailand to a joint venture between Ford and Mazda. In addition, Lear entered a joint venture with Jiangling Motors Co., Ltd. to supply seat systems and interior trim components in China for Isuzu trucks and Ford transit vans. In addition, several of the Company's recent acquisitions, including Masland and AI, have provided the Company with strategic joint ventures. With the Masland Acquisition, Lear acquired interests in PFG and Sommer Masland (U.K.) Ltd. 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 AI Acquisition included a 40% interest in Industrias Automotrices Summa, S.A. de C.V. (Mexico), as well as a 33% interest in Guildford Kast Plastifol Ltd. (U.K.), both of which produce interior trim parts for automobiles. In addition, the Keiper Acquisition would provide the Company with interests in joint ventures in Mexico and the United States.

COMPETITION

The Company is a leading independent supplier automotive interior products with manufacturing capabilities in all five principal automotive interior segments: seat systems; floor and acoustic systems; door panels; instrument panels; and headliners. Within each segment, the Company competes with a variety of

independent suppliers and OEM in-house operations. Set forth below is a summary of the Company's primary independent competitors.

- Seat Systems. Lear is one of the two primary suppliers in the outsourced North American seat systems market. The Company's main independent competitors are Johnson Controls, Inc. and Magna International, Inc. The Company's major independent competitors in Western Europe, besides Johnson Controls, Inc., are Bertrand Faure (headquartered in France) and prior to the consummation of the Keiper Acquisition, Keiper (headquartered in Germany).

- Floor and Acoustic Systems. Lear is one of the largest of the three primary independent suppliers in the outsourced North American floor and acoustic systems market. The Company's primary competitors are Collins & Aikman Corp. Automotive Division, a division of Collins & Aikman Corporation and the Magee Carpet Company. The Company's major competitors in Western Europe include H.P. Chemie Pelzer, GmbH, Rieter Automotive, BTR Fatati, Ltd. and Johann Borgers GmbH and Co.

- Other Interior Systems and Components. The market for outsourced headliners, door panels and instrument panels is highly fragmented. The Company's major independent competitors in these segments include Johnson Controls, Inc., Davidson Interior Trim (a division of Textron, Inc.), UT Automotive (a subsidiary of United Technologies, Inc.), The Becker Group and a large number of smaller operations.

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. Net sales for the year ended December 31, 1996 by calendar quarter were distributed as follows: first quarter, 22%; second quarter, 26%; third quarter, 24%; and fourth quarter, 28%. See Note 19, "Quarterly Financial Data," of the notes to the Company's 1996 consolidated financial statements incorporated by reference in this Prospectus.

EMPLOYEES

As of April 30, 1997, the Company employed approximately 19,200 persons in the United States and Canada, 14,300 in Mexico, 9,700 in Europe and 1,900 in other regions of the world. Of these, about 7,000 were salaried employees and the balance were paid on an hourly basis. Approximately 23,000 of the Company's employees are members of unions. In addition, the Keiper Acquisition would provide the Company with over 2,000 additional employees. The Company has collective bargaining agreements with several unions including: the UAW; 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.

In addition, as part of its long-term agreements with General Motors, the Company currently operates three facilities with an aggregate of approximately 1,000 General Motors' employees and reimburses General Motors for the wages of such employees on the basis of the Company's wage structure.

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 two Superfund sites where liability has not been substantially resolved. Management believes that the Company is, or may be, responsible for less than one percent, if any, of the total costs at the two Superfund sites. The Company has also been identified as a PRP at three additional sites where liability has not been substantially resolved, as well as at several other sites (including Superfund sites) at which no significant liability issues known to the Company remain open at this time. In addition, the Company is one of a number of defendants in a state court action brought by a group of plaintiffs in Texas who have claimed various impacts from a Texas landfill to which the Company and others allegedly sent waste. The Company's expected liability, if any, at these 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

As of April 30, 1997, the Company's operations are conducted through 149 facilities, some of which are used for multiple purposes, including 129 manufacturing facilities, 20 product engineering centers and 5 technology centers, in 22 countries employing over 45,000 people worldwide. In addition, the Keiper Acquisition would provide the Company with 10 additional facilities. The Company's world headquarters are located in Southfield, Michigan.

No facility is materially underutilized. Of the 149 existing facilities (which include facilities owned by the Company's less than majority-owned affiliates), 77 are owned and 72 are leased with expiration dates ranging from 1997 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 presents the locations of the Company's facilities:

ARGENTINA
Buenos Aires
Cordoba

AUSTRALIA
Adelaide
Brooklyn

AUSTRIA
Koflach

BRAZIL
Belo Horizonte
Sao Paolo

CANADA
Ajax
Kitchener
Maple
Mississauga
Oakville
St. Thomas
Whitby
Woodstock

CHINA
Wanchai

CZECH REPUBLIC
Prestice

ENGLAND
Colne
Coventry
Dunton
Lancashire
Middlemarch
Nottingham
Tipton
Washington

FRANCE
Meaux
Paris

GERMANY
Ebersberg
Eisenach
Gustavsburg
Munich
Plattling
Quakenbruck
Rietberg
Wackersdorf

INDIA
Gujarat

INDONESIA
Jakarta

ITALY
Bruino
Caivano
Cassino
Grugliasco
Melfi
Orbassano
Pozzilli
Termini Imerese

MEXICO
Cuautitlan
Hermosillo
Juarez
Naucalpan
Puebla
Ramos Arizpe
Saltillo
Silao
Tlahuac
Toluca

POLAND
Myslowice
Tychy

SOUTH AFRICA
Brits

SPAIN
Pamplona

SWEDEN
Arendal
Bengtsfors
Fargelanda
Gnosjo
Goteberg
Ljungby
Tanumshede
Tidaholm
Trollhattan

THAILAND
Bangkok
Khorat

TURKEY
Bursa

UNITED STATES
Allen Park, MI
Arlington, TX
Atlanta, GA
Auburn Hills, MI
Bowling Green, OH
Bridgeton, MO
Carlisle, PA
Clawson, MI
Covington, VA
Dearborn, MI
Detroit, MI
Duncan, SC
El Paso, TX

UNITED STATES (CONTINUED)
Fair Haven, MI
Fenton, MI
Frankfort, IN
Fremont, OH
Greencastle, IN
Hammond, IN
Huron, OH
Janesville, WI
Kansas City, MO
Lebanon, VA
Lebanon, OH
Lewistown, PA
Lorain, OH
Lordstown, OH
Louisville, KY
Luray, VA
Madisonville, KY
Manteca, CA
Marlette, MI
Marshall, MI
Melvindale, MI
Mendon, MI
Mequon, WI
Midland, TX
Morristown, TN
Newark, DE
Novi, MI
Pontiac, MI
Plymouth, MI
Rochester Hills, MI
Romulus, MI
Sheboygan, WI
Southfield, MI
Strasburg, VA
Sidney, OH
Troy, MI
Warren, MI
Wentzville, MO
West Chicago, IL
Winchester, VA

VENEZUELA
Valencia

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	31
Robert E. Rossiter.....	51	President and Chief Operating Officer -- International Operations and Director of the Company	26
James H. Vandenberghe.....	47	President and Chief Operating Officer -- North American Operations and Director of the Company	24
Gerald G. Harris.....	63	Senior Vice President and Group Vice President -- GM Division and Latin American Operations of the Company	35
Terrence E. O'Rourke.....	50	Senior Vice President and Group Vice President -- Ford and Chrysler Divisions of the Company	2
Frank J. Preston.....	54	Senior Vice President and Group Vice President -- Interior Systems Group	3
James A. Hollars.....	52	Senior Vice President and President -- BMW Division of the Company	24
Roger A. Jackson.....	50	Senior Vice President -- Human Resources	2
Robert G. Lawrie.....	52	Senior Vice President -- Global Mergers, Acquisitions and Strategic Alliances	1
Donald J. Stebbins.....	39	Senior Vice President, Chief Financial Officer and Treasurer of the Company	5
Joseph F. McCarthy.....	53	Vice President, Secretary and General Counsel of the Company	3
Charles E. Fisher.....	43	Vice President and President -- Chrysler Division	12
Douglas G. Del Grosso.....	35	Vice President and President -- GM Division	13
Daniel A. Jannette.....	54	Vice President and President -- Technology Division	10

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

Kenneth L. Way. Mr. Way is Chairman of the Board and Chief Executive Officer of the Company, a position he has held 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 31 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., Comerica, Inc. and R.P. Scherer Corporation.

Robert E. Rossiter. Mr. Rossiter is President and Chief Operating Officer - -- International Operations of the Company, a position he has held since April 1997, and he has been a Director since 1988. Mr. Rossiter served as President of the Company from 1984 until April 1997 and as Chief Operating Officer of the Company from 1988 to April 1997. 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 President and Chief Operating Officer -- North American Operations of the Company, a position he has held since April 1997, and he has been a Director since 1995. He served as Executive Vice President of the Company from 1993 to April 1997 and Chief

Financial Officer from 1988 to April 1997. 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 also served as Senior Vice President -- Finance and Secretary of the Company from 1988 to 1993.

Gerald G. Harris. Mr. Harris is Senior Vice President and Group Vice President -- GM Division and Latin American Operations of the Company, a position he has held since May 1997. Previously, Mr. Harris served as Senior Vice President and President -- GM Division of the Company from July 1996 until May 1997 and Vice President and President -- GM Division from November 1994 to July 1996. 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 is Senior Vice President and Group Vice President -- Ford and Chrysler Divisions of the Company, a position he has held since May 1997. Previously, he served as Senior Vice President and President -- Ford Division of the Company from July 1996 until May 1997, Vice President and President -- Ford Division of the Company from November 1995 until July 1996, Vice President and President -- Chrysler Division of the Company since November 1994 and 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.

Frank J. Preston. Dr. Preston is Senior Vice President and Group Vice President -- Interior System Group of the Company, a position he has held since July 1996. Previously, Dr. Preston served as Senior Vice President and President - -- Masland Division of the Company since the consummation of Lear's acquisition of Masland Corporation in June 1996. 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.

James A. Hollars. Mr. Hollars is 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 has held a variety of managerial positions with the Company and LSI since 1973.

Roger A. Jackson. Mr. Jackson is Senior Vice President -- Human Resources, a position he has held since 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 G. Lawrie. Mr. Lawrie is Senior Vice President -- Global Mergers, Acquisitions and Strategic Alliances, a position he has held since 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 was an International Consultant to Consolidated Hydro Inc., an operator of hydroelectric plants, in 1992. From 1991 to July 1993, Mr. Lawrie was Senior Vice President, General Counsel and Secretary of Abitibi-Price Inc., an international paper manufacturer. From 1988 to 1991, Mr. Lawrie was the managing partner of the Los Angeles office of Broad Schulz Larson & Wineberg, a law firm.

Donald J. Stebbins. Mr. Stebbins is Senior Vice President, Chief Financial Officer and Treasurer of the Company, a position he has held since April 1997. Prior to serving in this position, he was Vice President, Treasurer and Assistant Secretary of the Company since 1992. Previously he was with 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.

Joseph F. McCarthy. Mr. McCarthy is Vice President, Secretary and General Counsel of the Company, a position he has held since 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.

Douglas G. DelGrosso. Douglas DelGrosso is Vice President and President -- GM Division of the Company, a position he has held since May 1997. Previously he was Vice President and President -- Chrysler Division of the Company since December 1995. Other positions held by Mr. DelGrosso during his 13 years with the Company include Vice President -- Operations for the GM Division and Group Engineering Manager.

Charles E. Fisher. Charles E. Fisher is Vice President and President -- Chrysler Division of the Company, a position he has held since May 1997. Mr. Fisher joined Lear in 1985 as Sales Manager. Positions previously held by Mr. Fisher include Director of Purchasing, Vice President of Global Purchasing and Vice President of Marketing and Sales.

Daniel A. Jannette. Daniel A. Jannette is Vice President -- Technology of the Company, a position he has held since August 1995. Prior to joining Lear in August 1995, Mr. Jannette served as Vice President of AI since August 1993 and President of FIBERCRAFT/DESCon since 1987.

SELLING STOCKHOLDERS

The following table and accompanying footnotes set forth certain information regarding beneficial ownership of the Company's Common Stock by the Selling Stockholders as of May 28, 1997 prior to the Offerings and as adjusted to reflect the sale of the shares of Common Stock by the Selling Stockholders in the Offerings:

	PRIOR TO OFFERINGS			AFTER OFFERINGS(3)	
	NUMBER OF SHARES OF COMMON STOCK OWNED BENEFICIALLY	PERCENTAGE OF COMMON STOCK(2)	SHARES OF COMMON STOCK BEING OFFERED(3)	NUMBER OF SHARES OF COMMON STOCK OWNED BENEFICIALLY	PERCENTAGE OF COMMON STOCK
Lehman Funds(1).....	10,284,854	15.6%	10,284,854	0	0%

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(1) The number of shares beneficially owned by the Lehman Funds includes 3,694,191 shares of Common Stock owned by Lehman Brothers Merchant Banking Portfolio Partnership L.P. and 2,510,953 shares of Common Stock owned by Lehman Brothers Capital Partners II, L.P. (each located at Three World Financial Center, New York, New York 10285); 1,015,636 shares of Common Stock owned by Lehman Brothers Offshore Investment Partnership L.P. and 3,064,074 shares of Common Stock owned by Lehman Brothers Offshore Investment Partnership-Japan L.P. (each located at Clarendon House, Church Street, Hamilton HMCX, Bermuda). LB I Group Inc. and Lehman Brothers Holdings Inc. are the general partners of Lehman Brothers Merchant Banking Portfolio Partnership L.P. and Lehman Brothers Capital Partners II, L.P., respectively, and Lehman Brothers Offshore Partners Ltd. is the general partner of Lehman Brothers Offshore Investment Partnership-Japan L.P. and Lehman Brothers Offshore Investment Partnership L.P. Each such general partner may be deemed to own beneficially the shares directly owned by the entity of which it is the general partner. LB I Group Inc. and Lehman Brothers Offshore Partners Ltd. are wholly-owned subsidiaries of Lehman Brothers Holdings Inc. Each of the partnerships may be deemed to share with Lehman Brothers Holdings Inc. the power to vote and the power to dispose of the shares owned by such partnership. The address of Lehman Brothers Holdings Inc. is Three World Financial Center, New York, New York 10285.

(2) Assumes that none of the options granted pursuant to the Company's stock option plans, pursuant to which a maximum of 3,680,121 shares of Common Stock are issuable, are exercised.

(3) The Lehman Funds have collectively granted to the Underwriters options to purchase up to an aggregate of 1,284,854 shares of Common Stock, exercisable solely to cover over-allotments. See "Underwriting." The data set forth in the table assumes that the Underwriters' over-allotment options are exercised in full.

In 1991, the Lehman Funds acquired an aggregate of 22,874,940 shares of Common Stock from the Company and certain other stockholders (the "1991 Common Stock Acquisition"). In 1992, the Lehman Funds acquired an additional 3,999,996 shares of Common Stock from the Company (the "1992 Common Stock Acquisition"). In connection with the 1991 Common Stock Acquisition, the 1992 Common Stock Acquisition, the offering of the Senior Subordinated Notes, the NAB Acquisition, the offering of the Subordinated Notes, the initial public offering of the Company's Common Stock in April 1994, the AI Acquisition, the 1995 Stock Offering and the 1996 Stock Offering, Lehman Brothers, an affiliate of the Lehman Funds, has received, and in connection with the Offerings will receive, compensation from the Company comprising underwriting fees, discounts and commissions and financial advisory fees. In addition, Lehman Commercial Paper Inc., an affiliate of the Lehman Funds, has from time to time been a lender under the Company's credit facilities and has received customary fees in such capacity.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 150,000,000 shares of Common Stock, par value $0.01 per share, and 15,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock").

COMMON STOCK

As of May 28, 1997, there were 66,075,270 shares of Common Stock outstanding. Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Cumulative voting is not permitted. Subject to preferences of any Preferred Stock that may be issued in the future, the holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors. The Company is currently restricted under the terms of the Credit Agreement and the Indentures governing the Senior Subordinated Notes, the Subordinated Notes and the 9 1/2% Notes, from paying dividends to holders of Common Stock. In the event of a liquidation, dissolution or winding up of the Company, and subject to preferences of any Preferred Stock that may be issued in the future, the Common Stock is entitled to receive pro rata all of the assets of the Company available for distribution to its stockholders. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and non-assessable, and the shares of Common Stock to be outstanding upon the closing of the Offerings will be fully paid and non-assessable.

PREFERRED STOCK

The Board of Directors has the authority to issue up to 15,000,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rates, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, which may be superior to those of the Common Stock, without further vote or action by the stockholders. Although it presently has no intention to do so, the Board of Directors, without stockholder approval, can issue Preferred Stock with rights that could adversely affect the Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company. There will be no shares of Preferred Stock outstanding upon the closing of the Offerings and the Company has no present plans to issue any Preferred Stock.

STOCKHOLDERS AND REGISTRATION RIGHTS AGREEMENT

The Lehman Funds, FIMA Finance Management Inc. ("FIMA") and certain current and former officers and employees of the Company are parties to the Amended and Restated Stockholders and Registration Rights Agreement dated September 27, 1991, as amended (the "Stockholders Agreement"), which contains certain restrictions on the transfer of Common Stock held by those stockholders and grants such stockholders certain registration rights. Assuming exercise of the Underwriters' over-allotment options in full, upon consummation of the Offerings, the Lehman Funds will no longer be a shareholder of the Company and therefore, no longer a party to the Stockholders Agreement.

CERTAIN PROVISIONS OF THE RESTATED CERTIFICATE OF INCORPORATION AND BY-LAWS

The by-laws of the Company provide that the Company shall indemnify each officer and director of the Company to the fullest extent permitted by applicable law. The Restated Certificate of Incorporation also provides that, to the fullest extent permitted by the Delaware General Corporation Law, the directors of the Company shall be indemnified by the Company and shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director.

Certain provisions of the Company's Restated Certificate of Incorporation and by-laws may have the effect of preventing, discouraging or delaying any change in control of the Company and may maintain the incumbency of the Board of Directors and management. The authorization of undesignated Preferred Stock will make it possible for the Board of Directors to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company. The Company's

Restated Certificate of Incorporation provides that the Board of Directors of the Company will be divided into three classes serving staggered three-year terms. Directors can be removed from office only for Cause (as defined below) and only by the affirmative vote of the holders of a majority of the then-outstanding shares of capital stock entitled to vote generally in an election of directors. Vacancies on the Board of Directors may be filled only by the remaining directors and not by the stockholders. "Cause" is defined as the willful and continuous failure substantially to perform one's duties to the Company or the willful engaging in gross misconduct materially and demonstrably injurious to the Company.

The by-laws provide that special meetings of stockholders may be called by the chairman, the president, any vice president, the secretary or any assistant secretary of the Company and must be called by any such officer at the request in writing of a majority of the Board of Directors or at the request in writing of stockholders owning at least a majority of the capital stock of the Company issued and outstanding and entitled to vote. The by-laws establish an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors, of candidates for election as directors as well as for other stockholder proposals to be considered at annual meetings of stockholders. In general, notice of intent to nominate a director must be received by the secretary of the Company not less than 60 nor more than 90 days prior to the date of the annual meeting, and must contain certain specified information concerning the person to be nominated. Notice of intent to raise business at such meeting must be received by the secretary of the Company not less than 120 nor more than 150 days prior to the first anniversary of the date of the Company's consent solicitation or proxy statement released in connection with the previous year's meeting.

DELAWARE ANTI-TAKEOVER LAW

The Company is subject to the provisions of Section 203 of the Delaware General Corporation Law (the "Anti-Takeover Law") regulating corporate takeovers. The Anti-Takeover Law prevents certain Delaware corporations, including those whose securities are listed on the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination" (which includes a merger or sale of more than 10% of the corporation's assets) with any "interested stockholder" (a stockholder who acquired 15% or more of a corporation's outstanding voting stock without the prior approval of the corporation's board of directors) for three years following the date that such stockholder became an "interested stockholder." The current stockholders of the Company may not, by virtue of their current holdings, be deemed to be "interested stockholders" under this statute. A Delaware corporation may "opt out" of the Anti-Takeover Law with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. The Company has not "opted out" of the provisions of the Anti-Takeover Law.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Company's Common Stock is The Bank of New York, located in New York, New York.

LISTING

The Common Stock is listed on the New York Stock Exchange under the symbol LEA.

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of certain U.S. federal income and estate tax consequences of the ownership and disposition of Common Stock by a holder that is not a "U.S. person" (a "non-U.S. holder"). A "U.S. person" is a person or entity that, for U.S. federal income tax purposes, is a citizen or resident of the United States, a corporation or partnership created or organized in the United States or under the laws of the United States or of any political subdivision thereof, an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source or a trust subject to the supervision of a court within the United States and the control of a United States fiduciary as described in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"). An individual will be deemed to be a resident of the United States for U.S. federal income tax purposes if: (1) such individual is a lawful permanent resident of the United States at any time during the taxable year; (2) such individual makes an election to be treated as a resident pursuant to the provisions of the Code; or (3) such individual is present in the United States for an aggregate of 183 days or more during the calendar year. In addition, an individual will be presumed to be a resident of the United States for U.S. federal income tax purposes if such individual is present in the United States on at least 31 days in the current calendar year and for an aggregate of 183 days during the three-year period ending with the current calendar year (counting, for such purposes all of the days present in the United States during the current year, one-third of the days present during the immediately preceding year and one-sixth of the days present during the second preceding year). This presumption of residence may be rebutted if an individual is present in the United States for fewer than 183 days during the current year and it is established that such individual has a "tax home" in a foreign country and a "closer connection" to such foreign country than to the United States, with such terms being defined in the Code. Furthermore, the determination of residence under the Code may be rebutted by application of an applicable tax treaty or convention between the United States and an appropriate foreign country that may also treat such individual as a tax resident of such country. A special definition of U.S. resident applies for U.S. federal estate tax purposes. Resident aliens are subject to U.S. federal tax as if they were U.S. citizens.

This discussion is based on Code and administrative and judicial interpretations as of the date hereof, all of which may be changed either retroactively or prospectively. This discussion does not address all the aspects of U.S. federal income and estate taxation that may be relevant to non-U.S. holders in light of their particular circumstances, nor does it address tax consequences under the laws of any U.S. state, municipality or other taxing jurisdiction or under the laws of any jurisdiction other than the United States.

Prospective holders should consult their own tax advisors about the particular U.S. federal tax consequences to them of holding and disposing of Common Stock, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

DIVIDENDS

In the event that dividends are paid to a non-U.S. holder, such dividends will be subject to United States federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Under current U.S. Treasury regulations, dividends paid to an address outside the United States are presumed to be paid to a resident of the country of address (unless the payor has knowledge to the contrary) for purposes of the withholding tax. Under the current interpretation of U.S. Treasury regulations, the same presumption generally applies to determine the applicability of a reduced rate of withholding under a U.S. tax treaty (the "address system"). Thus, non-U.S. holders receiving dividends at addresses outside the United States generally are not yet required to file tax forms to obtain the benefit of an applicable treaty rate. If there is excess withholding on a person eligible for a treaty benefit, the person can file for a refund with the U.S. Internal Revenue Service (the "IRS").

Under U.S. Treasury regulations which were recently proposed and which have not yet been put into effect, the address system for claiming treaty benefits would be eliminated for payments made after December 31, 1997. Rather, to claim the benefits of a tax treaty pursuant to these proposed regulations, a

non-U.S. holder of Common Stock would have to file certain forms attesting to the holder's eligibility to claim treaty benefits.

Generally, upon the filing of a Form 4224 with the Company, there is no withholding tax on dividends that are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States. Instead, the effectively connected dividends are subject to the U.S. federal income tax on net income applicable to U.S. persons. Effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate (or a lower rate under an applicable income tax treaty) when such dividends are deemed repatriated from the United States.

GAIN ON DISPOSITION OF COMMON STOCK

A non-U.S. holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a disposition of Common Stock unless (i) the gain is effectively connected with the conduct of a trade or business of the non-U.S. holder (or of a partnership that holds the Common Stock in which the non-U.S. holder is a member) in the United States, (ii) in the case of a non-U.S. holder who is an individual and holds the Common Stock as a capital asset (or is a member in a partnership that holds the Common Stock as a capital asset), such holder is present in the United States for 183 or more days in the taxable year of the disposition and either (x) has a "tax home" in the United States (as specially defined for U.S. federal income tax purposes) or (y) maintains an office or other fixed place of business in the United States and the income from the sale of the stock is attributable to such office or other fixed place of business, (iii) the non-U.S. holder is subject to tax pursuant to the provisions of U.S. tax law applicable to certain U.S. expatriates or (iv) the Company is or has been a "U.S. real property holding corporation" for federal income tax purposes. The Company is not currently, has not been and does not anticipate becoming a "U.S. real property holding corporation" for U.S. federal income tax purposes.

INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

The Company must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to, and the tax withheld with respect to such holder, regardless of whether tax was actually withheld. That information may also be made available to the tax authorities of the country in which the non-U.S. holder resides.

United States federal backup withholding (which generally is withholding imposed at the rate of 31% on certain payments to persons not otherwise exempt who fail to furnish certain identifying information to the IRS) will generally not apply to dividends paid to a non-U.S. holder that are subject to withholding at the 30% rate (or would be so subject but for a reduced rate under an applicable treaty). In addition, the payor of dividends may rely on the payee's foreign address in determining that the payee is exempt from backup withholding, unless the payor has knowledge that the payee is a U.S. person. However, U.S. Treasury regulations that were recently proposed would, if adopted in their present form, eliminate this address system and require a payee to furnish certain documentation to the payor so as to be able to claim such exemption from backup withholding.

The backup withholding and information reporting requirements also apply to the gross proceeds paid to a non-U.S. holder upon the disposition of Common Stock by or through a U.S. office of a U.S. or foreign broker, unless the holder certifies to the broker under penalty of perjury as to its name, address and status as a non-U.S. holder or the holder otherwise establishes an exemption. Information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a disposition of Common Stock by or through a foreign office of (i) a U.S. broker, (ii) a foreign broker 50% or more of whose gross income for certain periods is effectively connected with the conduct of a trade or business in the United States or (iii) a foreign broker that is a "controlled foreign corporation" for U.S. federal income tax purposes, unless the broker has documentary evidence in its records that the holder is a non-U.S. holder and certain other conditions are met, or the holder otherwise establishes an exemption. Neither backup withholding nor information reporting will generally apply to a payment of the proceeds of a disposition of Common Stock by or through a foreign office of a foreign broker not subject to the preceding sentence.

Any amounts withheld under the backup withholding rules will be refunded or credited against the non-U.S. holder's United States federal income tax liability, provided that required information is furnished to the IRS.

The backup withholding and information reporting rules are currently under review by the Treasury Department, and their application to the Common Stock is subject to change.

FEDERAL ESTATE TAXES

Common Stock owned or treated as owned by an individual who is neither a citizen nor a resident of the United States for federal estate tax purposes at the date of death will be included in such individual's estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise. Estates of nonresident aliens are generally allowed a statutory credit for U.S. estate tax purposes. Estate tax treaties may permit a larger credit. A special definition of U.S. resident applies for U.S. federal estate purposes.

UNDERWRITING

Under the terms of, and subject to the conditions contained in, the U.S. Underwriting Agreement, the form of which is filed as an exhibit to the Registration Statement, the underwriters named below (the "U.S. Underwriters"), for whom Lehman Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. Incorporated, Salomon Brothers Inc and Schroder Wertheim & Co. Incorporated are acting as representatives (the "Representatives"), have severally agreed to purchase from the Selling Stockholders, and the Selling Stockholders have agreed to sell to each U.S. Underwriter, the aggregate number of shares of Common Stock set forth opposite the name of each such U.S. Underwriter below:

U.S. UNDERWRITERS	NUMBER OF SHARES
Lehman Brothers Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Morgan Stanley & Co. Incorporated	
Salomon Brothers Inc	
Schroder Wertheim & Co. Incorporated	
Total	

Under the terms of, and subject to the conditions contained in, the International Underwriting Agreement, the form of which is filed as an exhibit to the Registration Statement, the managers named below of the concurrent offering of the Common Stock outside the United States and Canada (the "International Managers" and together with the U.S. Underwriters, the "Underwriters"), for whom Lehman Brothers International (Europe), Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. International Limited, Salomon Brothers International Limited and J. Henry Schroder & Co. Limited are acting as lead managers (the "Lead Managers"), have severally agreed to purchase from the Selling Stockholders, and the Selling Stockholders have agreed to sell to each International Manager, the aggregate number of shares of Common Stock set forth opposite the name of each such International Manager below:

INTERNATIONAL MANAGERS	NUMBER OF SHARES
Lehman Brothers International (Europe)	
Donaldson, Lufkin & Jenrette Securities Corporation	
Morgan Stanley & Co. International Limited	
Salomon Brothers International Limited	
J. Henry Schroder & Co. Limited	
Total	

The U.S. Underwriting Agreement and the International Underwriting Agreement (collectively, the "Underwriting Agreements") provide that the obligations of the U.S. Underwriters and the International Managers to purchase shares of Common Stock are subject to certain conditions, and that if any of the foregoing shares of Common Stock are purchased by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement or by the International Managers pursuant to the International Underwriting Agreement, all the shares of Common Stock agreed to be purchased by either the U.S. Underwriters or the International Managers, as the case may be, pursuant to the respective Underwriting Agreements must be so purchased. The offering price and underwriting discounts and commissions for the U.S. Offering and the International Offering are identical. The closing of the U.S. Offering is a condition to the closing of the International Offering, and the closing of the International Offering is a condition to the closing of the U.S. Offering.

The Company has been advised that the U.S. Underwriters and the International Managers propose to offer the shares of Common Stock directly to the public at the public offering price set forth on the cover page of this Prospectus, and to certain selected dealers (who may include the U.S. Underwriters and the International Managers) at such public offering price less a selling concession not in excess of $ per share. The selected dealers may reallow a concession not in excess of $ per share to certain brokers and dealers. After the public offering, the public offering price, the concession to select dealers and reallowance may be changed by the U.S. Underwriters and the International Managers.

The Company and the Selling Stockholders have agreed to indemnify the U.S. Underwriters and the International Managers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the U.S. Underwriters and the International Managers may be required to make in respect thereof.

The Selling Stockholders have granted to the U.S. Underwriters and the International Managers an option to purchase up to an aggregate of 1,030,000 and 254,854 additional shares of Common Stock, respectively, exercisable solely to cover over-allotments, at the offering price to the public less the underwriting discounts and commissions shown on the cover page of this Prospectus. All of the shares of Common Stock sold upon any exercise of this over-allotment option will be sold by the Selling Stockholders. Such option may be exercised at any time until 30 days after the date of the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively. To the extent that the option is exercised, each U.S. Underwriter or International Manager, as the case may be, will be committed, subject to certain conditions, to purchase a number of the additional shares of Common Stock proportionate to such U.S. Underwriter's or International Manager's initial commitment as indicated in the preceding tables.

The Company has agreed that it will not, for a period of 90 days from the date of this Prospectus, directly or indirectly, offer, sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for any such shares without the prior written consent of Lehman Brothers Inc. and Lehman Brothers International (Europe), subject to certain exceptions (including the issuance of shares as consideration in acquisitions). In addition, each of the executive officers named herein and FIMA has agreed that it will not, for a period of 60 days from the date of this Prospectus, directly or indirectly, offer, sell or otherwise dispose of any shares of Common Stock or any securities convertible or exchangeable for any such shares without the prior written consent of Lehman Brothers Inc. and Lehman Brothers International (Europe), subject to certain exceptions.

The U.S. Underwriters and the International Managers have entered into an Agreement Between U.S. Underwriters and International Managers pursuant to which each U.S. Underwriter has agreed that, as part of the distribution of the shares of Common Stock offered in the U.S. Offering, (i) it is not purchasing any such shares for the account of anyone other than a U.S. Person (as defined below) and (ii) it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such shares or distribute any prospectus relating to the U.S. Offering outside the United States or Canada or to anyone other than a U.S. Person. In addition, pursuant to such agreement each International Manager has agreed that, as part of the distribution of the shares of Common Stock offered in the International Offering, (i) it is not purchasing any such shares for the account of a U.S. Person and (ii) it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such shares or distribute any prospectus relating to the International

Offering in the United States or Canada or to any U.S. Person. Each International Manager has also agreed that it will offer to sell shares only in compliance with all relevant requirements of any applicable laws.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Underwriting Agreements and the Agreement Between U.S. Underwriters and International Managers, including (i) certain purchases and sales between the U.S. Underwriters and the International Managers, (ii) certain offers, sales, resales, deliveries or distributions to or through investment advisors or other persons exercising investment discretion, (iii) purchases, offers or sales by a U.S. Underwriter who is also acting as an International Manager or by an International Manager who is also acting as a U.S. Underwriter and (iv) other transactions specifically approved by the Representatives and the Lead Managers. As used herein, (a) the term "United States" means the United States of America (including the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction, and (b) the term "U.S. Person" means any resident or national of the United States or Canada or its provinces, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada or its provinces, or any estate or trust the income of which is subject to United States or Canadian income taxation regardless of the source of its income (other than the foreign branch of any U.S. Person), and includes any United States or Canadian branch of a person other than a U.S. Person.

Each International Manager has represented and agreed that (i) it has not offered or sold and prior to the date six months after the date of issue of the shares of Common Stock will not offer or sell any shares of Common Stock to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 (the "1986 Act") with respect to anything done by it in relation to the shares of Common Stock in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on, and will only issue and pass on to any person in the United Kingdom, any investment advertisement (within the meaning of the 1986 Act) relating to the shares of Common Stock if that person falls within Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995.

The shares of Common Stock may not be offered or sold directly or indirectly in Hong Kong by means of this document or any other offering material or document other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or as agent. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or cause to be issued in Hong Kong this document or any amendment or supplement thereto or any other information, advertisement or document relating to the shares of Common Stock other than with respect to shares of Common Stock intended to be disposed of to persons outside Hong Kong or to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or as agent.

The shares of Common Stock have not been registered under the Securities and Exchange Law of Japan and are not being offered and may not be offered or sold directly or indirectly in Japan or to residents of Japan, except pursuant to applicable Japanese laws and regulations.

No action has been taken or will be taken in any jurisdiction by the Company or the International Managers that would permit a public offering of the shares offered pursuant to the Offerings in any jurisdiction where action for that purpose is required, other than the United States and Canada and its provinces. Persons into whose possession this Prospectus comes are required by the Company and the International Managers to inform themselves about and to observe any restrictions as to the offering of the shares offered pursuant to the Offerings and the distribution of this Prospectus.

Purchasers of the shares of Common Stock offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page hereof.

Prior to the Offerings, the Lehman Funds, each an affiliate of Lehman Brothers and Lehman Brothers International (Europe), beneficially own, in the aggregate, approximately 15.6% of the outstanding Common Stock of the Company (assuming no outstanding Options are exercised). Therefore, the underwriting arrangements for the Offerings will comply with the requirements of Conduct Rule 2720 (formerly Schedule E) to the Bylaws of the National Association of Securities Dealers, Inc. ("NASD") regarding an NASD member firm's participation in distributing its affiliate's securities. In accordance with Conduct Rule 2720, the Underwriters will not make sales of shares of Common Stock offered hereby to customers' discretionary accounts without the prior specific written approval of such customers.

The Lehman Funds will receive the proceeds from the Offerings. One of the eleven members of Lear's Board of Directors is presently employed by Lehman Brothers. Lehman Brothers has from time to time provided investment banking, financial advisory and other services to the Company, for which services it has received fees.

Until the distribution of the Common Stock is completed, rules of the Commission may limit the ability of the U.S. Underwriters and International Managers to bid for and purchase shares of Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the U.S. Underwriters and International Managers create a short position in the Common Stock in connection with the Offerings, (i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus), the Representatives may reduce that short position by purchasing Common Stock in the open market.

In general, purchases of a security for the purpose of stabilization or to reduce a syndicate short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither the Company nor any of the U.S. Underwriters or International Managers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the U.S. Underwriters or International Managers makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

LEGAL MATTERS

The validity of the issuance of shares of Common Stock offered hereby will be passed upon for the Company by Winston & Strawn, Chicago, Illinois. Certain legal matters in connection with the Offerings will be passed upon for the U.S. Underwriters and the International Managers by Simpson Thacher & Bartlett (a partnership which includes professional corporations), New York, New York. Simpson Thacher & Bartlett has performed, and continues to perform, services for the Lehman Funds from time to time.

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 historical consolidated financial statements of Masland Corporation as of June 30, 1995 and July 1, 1994 and for each of the three years in the period ended June 30, 1995 included on pages 2 through 22 of the Company's Form 8-K dated June 27, 1996, which is incorporated herein by reference, have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

[INSIDE BACK COVER]

[Lear Corporation Logo]

Lear Corporation is one of the world's largest independent suppliers of automotive interior systems - with over 45,000 quality-dedicated, customer-focused people operating in 149 facilities in 22 countries around the globe.

[A picture of an automobile depicting the automotive products which Lear produces]

INTERIOR SYSTEMS AND COMPONENTS

SEAT SYSTEMS
Armrest Assemblies
Armrest Cup Holders
Armrest Frames
Back of Seat Trim Panels
Center Seat Console Assemblies
Child Seat Frames
Formed Wire Spring Assemblies
Headrest Assemblies
Headrest Frames
Integrated Child Seat Systems
Integrated Restraint Seat Systems
Package Trays
Back Frames
Cushion Frames
Hinge Assemblies
Latch Assemblies
Molded Foam Pads
Riser Assemblies
Side Shields
Switch Covers
Trim Covers
Side Impact Seat Systems
Sinuous Wire Spring Assemblies
Speciality Sport Seat Systems
Storage Armrest Assemblies
Under Seat Storage Systems
Wire Support Mat Assemblies

DOOR AND INTERIOR TRIM SYSTEMS
Acoustical Sound Absorption Systems
Applique Assemblies
Armrest Assemblies
Armrest Handles
Bezels and Door Switch Plates
Cab Panel Trim
Carpeted Map Pocket Appliques
Cowl Panel Trim
Cowl Panels
Cup Holders
Door Map Pocket Assemblies
Door Trim Assemblies
Door Trim Panels
Energy Absorption Systems
HVAC Assemblies
Lift Gate Lower Panels
Lift Gate Trim
Map Pocket Trim
Modular Door Panel Systems
Pull Cups/Handles
Quarter Trim Assemblies
Quarter Trim Panels
Scuff Plates
Seatbelt Retractor Covers
Speaker Grilles
Storage Systems

FLOOR AND ACOUSTIC SYSTEMS
Accessory Mats
Acoustic Seals/Patches
Acoustical Sound Absorption Systems
Back Panels
Carpeted Floor Systems
CD Changer Covers
Cowl Side Insulators
Dampers
Dash Doublers
Dash Insulators
Decklid Trim
Engine Side Dash Absorbers
Engine Side Hood Absorbers
Expandable Foam Baffles
Luggage Compartment Trim
Luggage Floor Trim
Spare Tire Covers
Structural Load Floors

Trunk Trim Panels
Vinyl/Maslite Floor Systems
Wheelhouse Trim
Wheelwell Insulators

INSTRUMENT PANEL SYSTEMS
Ash Tray Assemblies
Center Floor Consoles
Console Armrests
Console Cup Holders
Console Storage Compartments
Defrosterducts
Glove Box Compartments
HVAC Airducts
HVAC Airvents
HVAC Control Panels
Instrument Panels Control Knobs
Instrument Panel Substrates
Instrument Panels
Knee Bolsters
Upper Pads

OVERHEAD SYSTEMS
Acoustical Sound Absorption Systems
Assist Handles
Coat Hooks
Headliners
Modular Headliner Assemblies
Overhead Console Assemblies
Overhead Storage Systems
Pillar Trim
Sun Visor Retainers
Sun Visors

UNDERHOOD AND FUNCTIONAL COMPONENTS
A/C Accumulator Brackets
Air Distribution Systems
Air Filter Housings
Air Induction Ducts
Battery Trays
Coolant Reservoirs
Engine Covers
Exterior Air Dams
Fan Shrouds
Fender Liners
Front Grille Assemblies
Innershields
Roll Goods - Barrier Materials
Roll Goods - Needle-punched Carpet
Roll Goods - PVC
Roll Goods - Tufted Carpet
Spoilers
Vapor Canisters
Windshield Washer Reservoirs

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 U.S. 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.

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9,000,000 SHARES

LEAR LOGO

COMMON STOCK

PROSPECTUS

, 1997

LEHMAN BROTHERS
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
MORGAN STANLEY DEAN WITTER
SALOMON BROTHERS INC
SCHRODER WERTHEIM & CO.

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.

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Subject to Completion, dated June 10, 1997

PROSPECTUS

9,000,000 Shares

Lear Logo

COMMON STOCK

Of the 9,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock") of Lear Corporation ("Lear" or the "Company") being offered hereby 7,200,000 shares are being offered initially outside the United States and Canada by the International Managers (the "International Offering") and 1,800,000 shares are being offered initially in the United States and Canada by the U.S. Underwriters (the "U.S. Offering" and, together with the International Offering, the "Offerings"). The public offering price and underwriting discounts and commissions per share are identical for both Offerings. See "Underwriting." All shares being offered hereby are being offered by certain stockholders of the Company (the "Selling Stockholders"). See "Selling Stockholders." The Company will not receive any of the proceeds from the sale of Common Stock by the Selling Stockholders.

The Company's Common Stock is listed on the New York Stock Exchange under the symbol "LEA." On June 9, 1997, the reported last sale price of the Common Stock on the New York Stock Exchange Composite Tape was $37 1/4 per share.

SEE "RISK FACTORS" COMMENCING ON PAGE 9 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	Discounts and Underwriting Commissions(1)	Proceeds to Selling Stockholders(2)
Per Share	$	$	$
Total(3)	$	$	$

(1) Lear and the Selling Stockholders have agreed to indemnify the U.S. Underwriters, the International Managers and certain other persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(2) Before deducting expenses payable by Lear estimated at $.
(3) The Selling Stockholders have granted the U.S. Underwriters and the International Managers 30-day options to purchase up to an aggregate of 1,284,854 shares of Common Stock on the same terms and conditions as set forth above solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Selling Stockholders will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus are offered by the International Managers subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the International Managers and to certain further conditions. It is expected that delivery of certificates for shares will be made at the offices of Lehman Brothers Inc., New York, New York, on or about , 1997.

LEHMAN BROTHERS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

MORGAN STANLEY DEAN WITTER
SALOMON BROTHERS INTERNATIONAL LIMITED
SCHRODERS

, 1997

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

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 INTERNATIONAL MANAGERS. 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.

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9,000,000 SHARES

[LEAR LOGO]

COMMON STOCK

PROSPECTUS
, 1997

LEHMAN BROTHERS
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
MORGAN STANLEY DEAN WITTER
SALOMON BROTHERS
INTERNATIONAL LIMITED

SCHRODERS

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 SEC filing fee and the NASD filing fee, are estimated.

SEC filing fee	$116,484
NASD filing fee	30,500
Legal fees and expenses	
Accounting fees and expenses	
Printing and engraving	
Miscellaneous	
Total	$

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 Alan Washkowitz, a director of the Registrant and an officer of Lehman Brothers Inc., in connection with his 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 10, 1997.

LEAR SEATING CORPORATION

By: /s/ KENNETH L. WAY
Kenneth L. Way
Chairman of the Board and
Chief Executive Officer

Each person whose signature appears below hereby severally constitutes and appoints Kenneth L. Way, Robert E. Rossiter and James H. Vandenberghe, and each of them singly, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to sign for him or her and in his or her name, place and stead in any and all capacities indicated below, the Registration Statement on Form S-3 filed herewith, and any and all pre-effective and post-effective amendments to said Registration Statement (including any related registration statement filed under Rule 462), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary fully to all intents and purposes as he or she might or could do in person thereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute, may lawfully do or cause to be done by virtue hereof.

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 10, 1997
/s/ ROBERT E. ROSSITER Robert E. Rossiter	President and Chief Operating Officer -- International Operations and Director	June 10, 1997
/s/ JAMES H. VANDENBERGHE James H. Vandenberghe	President and Chief Operating Officer -- North American Operations and Director	June 10, 1997
/s/ DONALD J. STEBBINS Donald J. Stebbins	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer)	June 10, 1997
/s/ LARRY W. MCCURDY Larry W. McCurdy	Director	June 10, 1997

/s/ GIAN ANDREA BOTTA Gian Andrea Botta	Director	June 10, 1997
/s/ IRMA B. ELDER Irma B. Elder	Director	June 10, 1997
/s/ ROY E. PARROTT Roy E. Parrott	Director	June 10, 1997
/s/ ROBERT W. SHOWER Robert W. Shower	Director	June 10, 1997
/s/ DAVID P. SPALDING David P. Spalding	Director	June 10, 1997
/s/ JAMES A. STERN James A. Stern	Director	June 10, 1997
/s/ ALAN H. WASHKOWITZ Alan H. Washkowitz	Director	June 10, 1997

INDEX TO EXHIBITS

EXHIBIT NUMBER		EXHIBIT
1.1	--	Form of U.S. Underwriting Agreement.
1.2	--	Form of International Underwriting Agreement.
5.1	--	Opinion of Winston & Strawn, special counsel to Lear.
23.1	--	Consent of Arthur Andersen LLP.
23.2	--	Consent of Price Waterhouse LLP, with respect to the Masland Financial Statements.
23.3	--	Consent of Winston & Strawn (included in Exhibit 5.1).
24.1	--	Powers of Attorney (included on signature page hereof).
99.1	--	Purchase Agreement dated as of May 26, 1997, among Keiper GmbH & Co., Putsch GmbH & Co. KG, Keiper Recaro GmbH, Keiper Car Seating Verwaltungs GmbH, Lear Corporation GmbH & Co. and the Company.
99.2*	--	Interim Financial Statements of Masland Corporation for the period ended June 27, 1996.

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* To be filed by Amendment.

STB DRAFT 6/6/97

EXHIBIT 1.1

7,200,000 Shares

LEAR CORPORATION

Common Stock

U.S. Underwriting Agreement

_____, 1997

Lehman Brothers Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Morgan Stanley & Co. Incorporated
Salomon Brothers Inc
Schroder Wertheim & Co. Incorporated
As Representatives for each of
the several U.S. Underwriters
named in Schedule I hereto,
c/o LEHMAN BROTHERS INC.
Three World Financial Center
New York, New York 10285

Dear Sirs:

Lehman Brothers Merchant Banking Portfolio Partnership L.P., Lehman Brothers Capital Partners II, L.P., Lehman Brothers Offshore Investment Partnership L.P. and Lehman Brothers Offshore Investment Partnership - Japan L.P. (each a "Selling Stockholder" and collectively the "Selling Stockholders") propose to sell to the several U.S. Underwriters named in Schedule I hereto (the "U.S. Underwriters") an aggregate of 7,200,00 shares (the "Firm Shares") of Common Stock, $.01 par value (the "Common Stock"), of Lear Corporation, a Delaware corporation (the "Company"). In addition, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares, the Selling Stockholders propose to grant to the U.S. Underwriters an option to purchase up to an aggregate of 1,030,000 additional shares (the "Option Shares") of Common Stock. The Firm Shares and any Option Shares purchased pursuant to this Agreement are herein called the "Shares".

It is understood that the Company and the Selling Stockholders are concurrently entering into an International Underwriting Agreement dated the date hereof (the "International Underwriting Agreement"), providing for the sale by the Selling Stockholders of an aggregate of 1,800,000 shares (the "International Firm Shares") of Common Stock through arrangements

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with certain underwriters outside the United States and Canada (the "International Managers"), for whom Lehman Brothers International (Europe), Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. International Limited, Salomon Brothers International Limited and J. Henry Schroder & Co. Limited are acting as lead managers (the "Lead Managers"). In addition, for the sole purpose of covering over-allotments in connection with the sale of the International U.S. Firm Shares, the Selling Stockholders propose to grant to the International Managers an option to purchase up to an aggregate of 254,854 additional shares (the "International Option Shares") of Common Stock. The International Firm Shares and the International Option Shares which may be offered by the International Managers pursuant to the International Underwriting Agreement are herein called the "International Shares"; the International Shares and the Shares, collectively, are herein called the "Underwritten Shares". As specified in Section 3, the respective closings under this Agreement and the International Underwriting Agreement are hereby expressly made conditional on one another.

The Company and the Selling Stockholders also understand that the U.S. Underwriters and the International Managers have entered into an agreement (the "Agreement Between U.S. Underwriters and International Managers") contemplating the coordination of certain transactions between the U.S. Underwriters and the International Managers and that, pursuant thereto and subject to the conditions set forth therein, the U.S. Underwriters may purchase from the International Managers a portion of the International Shares or sell to the International Managers a portion of the Shares. The Company and the Selling Stockholders understand that any such purchases and sales between the U.S. Underwriters and the International Managers shall be governed by the Agreement Between U.S. Underwriters and International Managers and shall not be governed by the terms of this Agreement or the International Underwriting Agreement.

This is to confirm the agreement concerning the purchase of the Shares from the Selling Stockholders by the U.S. Underwriters and certain related agreements among the Company, the Selling Stockholders and the U.S. 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.

"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 first paragraph of Section 1, the date and time as of which the Registration Statement shall be declared effective).

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"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.

"International Prospectus" shall mean a Prospectus relating to the International Shares which are to be offered and sold outside the United States to persons other than U.S. Persons.

"Preliminary Prospectuses" 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 Representatives pursuant to Rule 424(a) and each prospectus included in the Registration Statement at the Effective Time that omits Rule 430A Information.

"Prospectuses" shall mean the forms of prospectuses relating to the Underwritten Shares, as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, the forms of final prospectuses 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, including any documents incorporated by reference therein and all exhibits thereto. 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 Underwritten Shares and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

"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.

"U.S. Person" shall mean any resident or national of the United States or Canada and its provinces, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada and its provinces or any estate or trust the income of which is subject to United States or Canadian income taxation regardless of the source of its income (other than the foreign branch of any U.S. Person), and includes any United States or Canadian branch of a person other than a U.S. Person; and "United States" shall mean the United States of America (including the states thereof and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction.

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"U.S. Preliminary Prospectus" shall mean a Preliminary Prospectus relating to the Shares which are to be offered and sold in the United States or Canada and its provinces or to U.S. Persons.

"U.S. Prospectus" shall mean a Prospectus relating to the Shares which are to be offered and sold in the United States or Canada and its provinces or to U.S. Persons.

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-_____) with respect to the Underwritten Shares has been prepared by the Company in conformity with the requirements of the Act and the Rules and Regulations thereunder and 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 as the Representatives of the U.S. Underwriters. 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 forms of final prospectuses or (ii) after effectiveness of such registration statement, final prospectuses 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 Prospectuses are first filed (if required) in accordance with Rule 424(b) and on each Closing Date (as defined in Section 4) the Prospectuses (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the Rules and Regulations. 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 Prospectuses with respect to the Underwritten Shares and the offering thereof, and the Prospectuses, when filed with the Commission, did or will contain all Rule 430A Information, together with all other such required information, with respect to the Underwritten Shares and the offering thereof and, except to the extent the Representatives 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 Prospectuses) 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 Prospectuses or the effectiveness of the Registration Statement, and no proceeding for any such purpose has been initiated or threatened by the Commission.

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(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 Prospectuses did not or will not, and on the date of any filing pursuant to Rule 424(b) and on each Closing Date, the Prospectuses (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 information contained in or omitted from the Registration Statement or the Prospectuses in reliance upon, and in conformity with, written information furnished to the Company by you or any Selling Stockholder, or by any U.S. Underwriter through you, specifically for inclusion therein.

(d) The documents incorporated by reference in the Prospectuses, 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 Prospectuses, when such documents become effective or are filed with 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 Prospectuses, the Prospectuses, 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 Underwritten Shares, 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 Underwritten Shares 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 Prospectuses except where such failure will not have a material adverse effect on the Company and its subsidiaries taken as a whole. Except as described in the Registration Statement and Prospectuses, 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,

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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 Prospectuses, 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 conform to the statements in relation thereto contained in the Prospectuses. 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 Prospectuses. 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 Prospectuses.

(h) Other than as described in the Prospectuses, there are no contracts, agreements or understandings between the Company and any person granting such person the right to 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, 1996, 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 Prospectuses; and, since such date, there has not been any change in the capital stock of the Company (other than in respect of shares of Common Stock issued upon the exercise of management options) or any material change in 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, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectuses.

(j) 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

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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 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.

(k) The Underwritten Shares have been duly and validly authorized and are validly issued, fully paid and nonassessable; the Underwritten Shares conform to the description of the Common Stock in the Prospectuses; and the Underwritten Shares have been listed on the New York Stock Exchange.

(l) The execution, delivery and performance of this Agreement and the International Underwriting Agreement and the consummation of the transactions contemplated hereby and thereby, the issuance and sale of the Shares, will not conflict with 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 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 issue and sale of the Underwritten Shares or the consummation of the other transactions contemplated by this Agreement or the International Underwriting Agreement, except the registration under the Act of the Underwritten Shares, and such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws or as may be required by the laws of any country other than the United States in connection with the purchase and distribution of the Underwritten Shares by the U.S. Underwriters and the International Managers.

(m) The Company will not, during the period of 90 days after the date hereof except pursuant to this Agreement or the U.S. Underwriting Agreement or as contemplated by

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the Prospectuses, offer, sell or otherwise dispose of any Common Stock or securities convertible into or exchangeable or exercisable for such Common Stock of the Company, directly or indirectly, without the prior written consent of Lehman Brothers International (Europe); provided, however, that (i) the Company may issue and sell Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company in effect at the Effective Time, (ii) the Company may issue Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Effective Time and (iii) the Company may issue Common Stock as consideration in connection with the acquisition by the Company of new businesses.

(n) Except as may otherwise be disclosed in or contemplated by the Prospectuses, since the date as of which information is given in the Prospectuses, (i) the Company has not declared or paid any dividend or made any distribution on its capital stock, (ii) the Company has not issued or granted any securities and (iii) neither the Company nor any of its subsidiaries have entered into any transaction or incurred any liability or obligation, contingent or otherwise, other than in the ordinary course of business.

(o) Any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectuses 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.

(p) 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.

(q) Except as set forth in the Registration Statement and the Prospectuses 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, local or foreign 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, local or foreign 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

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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 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, local or foreign environmental law.

(r) 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, local and foreign 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.

(s) 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.

(t) The financial statements (including the related notes and supporting schedules) incorporated by reference in the Prospectuses 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.

(u) Arthur Andersen LLP, who have certified certain financial statements of the Company, and Price Waterhouse LLP, who have certified certain financial statements of Masland (as defined in the Prospectuses), and whose reports are incorporated by reference in the Prospectus, are independent public accountants as required by the Act and the Rules and Regulations.

(v) 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 Prospectuses or which is required to be disclosed in the Registration Statement and the Prospectuses, which is not disclosed and correctly summarized therein.

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

(x) 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.

(y) 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 Shares.

2. Representations, Warranties and Agreements of the Selling Stockholders. Each Selling Stockholder, severally and not jointly, represents, warrants and agrees as to itself that:

(a) Such Selling Stockholder has, and immediately prior to the First Closing Date (as defined in Section 4) such Selling Stockholder will have, good and valid title to the Underwritten Shares to be sold by such Selling Stockholder hereunder as set forth in Schedule II hereto and under the International Underwriting Agreement on such date, free and clear of all liens, encumbrances, equities or claims; and upon delivery of such Underwritten Shares and payment therefor pursuant hereto and thereto, good and valid title to such Underwritten Shares, free and clear of all liens, encumbrances, equities or claims, will pass to the several U.S. Underwriters and the International Managers.

(b) Such Selling Stockholder has duly and irrevocably executed and delivered powers of attorney (each, a "Power of Attorney") appointing one or more other persons, as attorneys- in-fact, with full power of substitution, and with full authority (exercisable by any one or more of them) to execute and deliver this Agreement and the International Underwriting Agreement and to take such other action as may be necessary or desirable to carry out the provisions hereof or thereof on behalf of such Selling Stockholder.

(c) Such Selling Stockholder has full right, power and authority to enter into and perform under this Agreement, the International Underwriting Agreement and the Power of Attorney; the execution, delivery and performance of this Agreement, the International Underwriting Agreement and the Power of Attorney by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby and thereby will not conflict with 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 indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the property or assets of such Selling Stockholder 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 or comparable instruments, as

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applicable, or any partnership agreement of such Selling Stockholder or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Selling Stockholder or the property or assets of such Selling Stockholder; and no consent, approval, authorization, order, filing or registration of or with, any court or governmental agency or body is required for the execution, delivery and performance of this Agreement, the International Underwriting Agreement or the Power of Attorney by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby and thereby, except the registration under the Act of the Underwritten Shares, filings pursuant to Sections 13 and 16 of the Exchange Act, and such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws or as may be required by the laws of any country other than the United States in connection with the purchase and distribution of the Shares by the U.S. Underwriters.

(d) To the extent that any statements or omissions made in the Registration Statement, any Preliminary Prospectuses, the Prospectuses or any amendment or supplement thereto are made in reliance upon and in conformity with written information concerning such Selling Stockholder furnished to the Company by such Selling Stockholder specifically for use therein, such Preliminary Prospectuses did, and the Registration Statement did or will, and the Prospectuses and any amendments or supplements to the Registration Statement or the Prospectuses will, when they become effective or are filed with the Commission, as the case may be, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. Purchase of the Shares by the U.S. Underwriters. (a) Subject to the terms and conditions and upon the basis of the representations and warranties herein set forth, each of the Selling Stockholders, severally and not jointly, agrees to sell that number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule II hereto, to the U.S. Underwriters, and each of the U.S. Underwriters agrees, severally and not jointly, to purchase, at a price of $_____ per Share, the number of Firm Shares set forth opposite such U.S. Underwriter's name in Schedule I hereto. Each U.S. Underwriter shall be obligated to purchase from the Selling Stockholders that number of the Firm Shares which represents the same proportion of the number of the Firm Shares to be sold by the Selling Stockholders as the number of the Firm Shares set forth opposite the name of such U.S. Underwriter in Schedule I represents of the total number of the Firm Shares to be purchased by all of the Underwriters pursuant to this Agreement. The respective purchase obligations of the U.S. Underwriters with respect to the Firm Shares shall be rounded among the U.S. Underwriters to avoid fractional shares, as the Representatives may determine. The U.S. Underwriters agree to offer the Firm Shares to the public as set forth in the U.S. Prospectus. Each U.S. Underwriter agrees that, except to the extent permitted by the Agreement Between U.S. Underwriters and International Managers, it will not offer any of the Shares outside the United States and Canada.

The obligations of the Selling Stockholders to sell any Shares, and the obligations of the U.S. Underwriters to purchase the Shares, are subject to the closing of the sale and purchase of the International Firm Shares pursuant to the International Underwriting Agreement.

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(b) Subject to the terms and conditions of this Agreement, the Selling Stockholders hereby grant to the U.S. Underwriters an option to purchase from the Selling Stockholders solely for the purpose of covering over-allotments in the sale of Firm Shares, up to 1,030,000 shares of the Option Shares for a period of 30 days from the date hereof at the purchase price per Share set forth above. Option Shares shall be purchased from the Selling Stockholders for the accounts of the U.S. Underwriters, severally and not jointly, in proportion to the number of Firm Shares set forth opposite such U.S. Underwriter's name in Schedule I hereto, except that the respective purchase obligations of each U.S. Underwriter shall be adjusted by the Representatives so that no U.S. Underwriter shall be obligated to purchase Option Shares other than in 100-share quantities. Option Shares shall be sold by the Selling Stockholders in proportion to the number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule II hereto, rounded among the Selling Stockholders to avoid fractional shares.

4. Delivery of and Payment for Shares. Delivery of certificates for the Firm Shares, and certificates for the Option Shares, if the option to purchase the same is exercised on or before the third Business Day prior to the First Closing Date, shall be made at the offices of Lehman Brothers Inc., Three World Financial Center, Attn: _____, New York, New York 10285 (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 Selling Stockholders (the "First Closing Date").

The option to purchase Option Shares granted in Section 3 hereof may be exercised during the term specified therein by written notice to each of the Selling Stockholders from the Representatives. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the time and date, not earlier than either the First Closing Date or the second Business Day after the date on which the option shall have been exercised nor later than the third Business Day after the date of such exercise, as determined by the Representatives, when the Option Shares are to be delivered (the "Option Closing Date"). Delivery and payment for such Option Shares shall be made at the offices set forth above for delivery and payment of the Firm Shares. (The First Closing Date and the Option Closing Date are herein individually referred to as a "Closing Date" and collectively referred to as the "Closing Dates".)

Delivery of certificates for the Shares shall be made by or on behalf of the Selling Stockholders to you, for the respective accounts of the U.S. Underwriters, 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 each of the Selling Stockholders. The certificates for the Shares shall be registered in such names and denominations as you shall have requested at least two full Business Days prior to the applicable Closing Date, and shall be made available for checking and packaging in New York, New York, or such other location as may be designated by you at least one full Business Day prior to such Closing Date. Time shall be of the essence, and delivery of certificates for the Shares at the time and place specified in this Agreement is a further condition to the obligations of each U.S. Underwriter.

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5. Covenants. The Company agrees with each U.S. 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 the Representatives 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 U.S. Prospectus which, in your reasonable opinion, may be necessary or advisable in connection with the distribution of the Shares; and the Company shall not file any amendment or supplement to the Registration Statement or the U.S. 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 Shares 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 Lehman Brothers Inc. and to counsel for the U.S. Underwriters a signed copy of the Registration Statement as originally filed and each amendment thereto filed with the Commission, including all consents and exhibits filed therewith, and shall furnish to the U.S. Underwriters such number of conformed copies of the Registration Statement, as originally filed and each amendment thereto (excluding exhibits other than this Agreement), any Preliminary Prospectus, the U.S. Prospectus and all amendments and supplements to any of such documents, in each case as soon as available and in such quantities as the Representatives may from time to time reasonably request.

(c) Within the time during which the Prospectuses relating to the Underwritten Shares are 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 Underwritten Shares as contemplated by the provisions hereof and by the Prospectuses. If during such period any event occurs as a result of which the U.S. 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 U.S.

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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 5, shall amend the Registration Statement or supplement the U.S. 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 Shares (and any International Shares that may be sold to the U.S. Underwriters by the International Managers) 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 Shares (and such International Shares); 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) The Company shall furnish to you, on or prior to the date of this Agreement, a letter or letters, in form and substance reasonably satisfactory to counsel for the U.S. Underwriters, pursuant to which each executive officer of the Company identified in the Prospectuses who owns any shares of Common Stock at the Execution Time shall agree not to offer for sale, sell or otherwise dispose of any shares of Common Stock of any securities convertible or exchangeable or exercisable for such Common Stock during the 60 days following the date of the Effective Time except with prior written consent of Lehman Brothers Inc.

(f) Whether or not the transactions contemplated in this Agreement are consummated, 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, each Prospectus and any amendment or supplement to each Prospectus, all as provided in this Agreement, the filing fee of the NASD; the reasonable fees and expenses of qualifying the Shares 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 Shares as an investment, if any (including reasonable fees and expenses of counsel to the U.S. Underwriters in connection therewith); the cost of printing certificates; the cost and charges of any transfer agent or registrar; 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. It is understood, however, that, except as provided in this Section, Section 8 and Section 10 hereof, each Selling Stockholder shall pay all its own costs and expenses, including the fees of its counsel and stock transfer taxes. Except as provided in this Section, Section 8 and in Section 10, the Underwriters shall pay their own costs and expenses, including the fees and expenses of their counsel, any transfer taxes on the Shares which they may sell and the expenses of advertising any offering of the Shares made by the U.S. Underwriters.

(g) The Company shall, on or prior to each Closing Date, take such action as shall be necessary to comply with the rules and regulations of the New York Stock Exchange with respect to the Shares to be purchased on such date by the U.S. Underwriters.

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(h) During a period of five years from the Effective Date, the Company shall, upon written request, furnish to the Representatives 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.

(i) As soon as practicable after the Effective Date of the Registration Statement, the Company shall make generally available to its security holders and to deliver to the U.S. Underwriters an earnings statement of the Company, conforming with the requirements of Section 11(a) and Rule 158 of the Act, covering a period of at least 12 months beginning after the Effective Date.

6. Further Agreement of the Selling Stockholders. Each Selling Stockholder, severally and not jointly, agrees to deliver to the Representatives prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-9.

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

(a) The Registration Statement and any post-effective amendment thereto has become effective under the Act; if the Registration Statement has not become effective prior to the Execution Time, unless the U.S. 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 Prospectuses shall have been timely filed with the Commission in accordance with Section 5(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 Prospectuses 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 Prospectuses without the consent of the Underwriters. If the Company has elected to rely upon Rule 430A of the Act, the price of the Shares 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 applicable Closing Date the Company shall have provided evidence satisfactory to the U.S. Underwriters of such timely filing, or a post-effective amendment providing such information shall have been prepared, filed and declared effective in accordance with the requirements of Rule 430A of the Act.

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(b) No U.S. Underwriter or International Manager shall have discovered after the date hereof and disclosed to the Company on or prior to such applicable Closing Date that the Registration Statement or the Prospectuses or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Simpson Thacher & Bartlett, counsel for the U.S. 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 Underwritten Shares, the Registration Statement and the Prospectuses, and all other legal matters relating to this Agreement and the transactions contemplated hereby, shall be reasonably satisfactory in all respects to Simpson Thacher & Bartlett, counsel for the U.S. 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 each Closing Date, Winston & Strawn, as special counsel to the Company, shall have furnished to the U.S. Underwriters their written opinion addressed to the U.S. Underwriters and dated such Closing Date in form and substance reasonably satisfactory to the U.S. Underwriters and their counsel (with customary qualifications and assumptions agreed to by counsel for the U.S. 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 respective properties and to conduct the business in which they are engaged as described in the Prospectus;

(ii) this Agreement and the International Underwriting Agreement have been duly authorized, executed, and delivered by the Company, are legally valid and binding obligations of the Company, and are enforceable against the Company in accordance with their terms, except to the extent that rights to indemnity or contribution hereunder and thereunder 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 or the International Underwriting Agreement by the Company (except filings under the Act and filings with the New York Stock Exchange which have been made and consents, authorizations, permits, orders and other matters

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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);

(iii) the Underwritten Shares conform to the description of the Common Stock in the Prospectuses; and the Underwritten Shares have been listed on the New York Stock Exchange;

(iv) The statements contained in the Prospectuses under the caption "Certain United States Federal Tax Considerations for Non-U.S. Holders of Common Stock", insofar as they describe federal statutes, rules and regulations, constitute a fair summary thereof;

(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;

(vi) the Registration Statement and the Prospectuses and any further amendments or supplements thereto made by the Company prior to each Closing Date (other than the financial statements and related schedules therein and other financial and statistical information included in or excluded from the Registration Statement or the Prospectuses, 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 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, the opinion set forth in the first clause of paragraph (ii) 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 applicable Closing Date, addressed to the U.S. Underwriters and in form reasonably satisfactory to the U.S. Underwriters with signed or conformed copies for each of the U.S. Underwriters) of counsel acceptable to Simpson Thacher & Bartlett. Such counsel shall also have furnished to the U.S. Underwriters a written statement, addressed to the U.S. Underwriters and dated the applicable Closing Date, in form and substance reasonably satisfactory to the U.S. Underwriters, to the effect that such counsel participated in conferences with officers and representatives of the Company, Arthur Andersen LLP, the U.S. Underwriters and Simpson Thacher

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& Bartlett 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, the Selling Stockholders 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) each of the Prospectuses as amended or supplemented, as of each 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 Prospectuses.

(e) On each Closing Date, Joseph F. McCarthy, General Counsel to the Company, or Michael O'Shea, corporate counsel to the Company, shall have furnished to the U.S. Underwriters his written opinion addressed to the U.S. Underwriters and dated such Closing Date in form and substance reasonably satisfactory to the U.S. Underwriters (with customary qualifications and assumptions agreed to by counsel for the U.S. 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 respective properties and to conduct the business in which they are engaged as described in the Prospectuses;

(ii) the Company has an authorized capitalization as set forth in the Prospectuses, and all of the issued shares of capital stock of the Company (including, without limitation, all of the Underwritten Shares) have been duly and validly authorized and issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectuses; 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

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of all liens, encumbrances, equities or claims, except as described in the Prospectuses; 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 Prospectuses or has been disclosed to the U.S. Underwriters;

(iii) the Underwritten Shares have been listed on the New York Stock Exchange;

(iv) 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 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 Prospectuses 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;

(v) 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;

(vi) 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;

(vii) the execution, delivery and performance of this Agreement and the International Underwriting Agreement and the sale of the Shares as contemplated hereby and thereby will not conflict with or result in a breach or violation in any material respect of any of the terms and provisions of, or constitute a default under, any material contract, agreement, instrument, lease, or license known to such counsel, 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 with in any material respect 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

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performance of this Agreement and the International Underwriting Agreement or for the sale of the Shares as contemplated hereby and thereby (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 as to which such counsel need express no opinion);

(viii) any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectuses 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;

(ix) insofar as statements in the Prospectuses 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; and

(x) there are no preemptive or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any Underwritten Shares pursuant to the Company's Certificate of Incorporation or By-laws, in each case as amended, or any agreement or other instrument; and no holders of securities of the Company have rights to the registration thereof under the Registration Statement except as set forth in the Prospectuses or, if any such holders have such rights, such holders have waived such rights;

Notwithstanding the foregoing, the opinion set forth in the first clause of paragraph (vii) 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 each Closing Date, addressed to the U.S. Underwriters and in form reasonably satisfactory to the U.S. Underwriters with signed or conformed copies for each of the U.S. Underwriters) of counsel acceptable to Simpson Thacher & Bartlett.

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(f) On the First Closing Date, there shall have been furnished to you the opinion of counsel for each of the Selling Stockholders (addressed to the Underwriters), dated the Closing Date in form and substance reasonably satisfactory to the Underwriters to the effect that:

(i) such Selling Stockholder has full right, power and authority to enter into this Agreement and to perform its obligations hereunder;

(ii) this Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder; and

(iii) the execution, delivery and performance of this Agreement by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby will not conflict with 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 indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the property or assets of such selling Stockholder is subject, nor will such actions result in any violation in any material respect of the provisions of the partnership agreement (if any) of such Selling Stockholder or any statute or any order, rule or regulation known to such counsel of any court or governmental agency having jurisdiction over such Selling Stockholder or the property or assets of such Selling Stockholder; and no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency is required for the execution, delivery and performance of this Agreement by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby, except the registration under the Act of the Shares, such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the shares by the Underwriters or as may be required by the laws of any country other than the United States, and amendments to filings made under the Exchange Act.

(g) The Company shall have furnished to the Underwriters on each Closing Date a certificate, dated such 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 such Closing Date; the Company has complied with all its agreements contained herein; and the conditions set forth in Paragraph 7(a) have been fulfilled; and

(ii) they have carefully examined the Registration Statement and the Prospectuses 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, each of the Prospectuses, as amended or supplemented, did not include any untrue statement of a material fact or

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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 each Prospectus, as the case may be, no event has occurred which should have been set forth in a supplement to or amendment of each Prospectus which has not been set forth in such a supplement or amendment.

(h) At the Effective Time and on each Closing Date, the Company shall have furnished to the U.S. Underwriters a letter of Arthur Andersen LLP addressed to the Underwriters and dated such Closing Date and in form and substance satisfactory to the U.S. 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 U.S. 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 U.S. Underwriters concurrently with the execution of this Agreement and confirming in all material respects the conclusions and findings set forth in such prior letter.

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

(j) Neither the Company nor any of its subsidiaries (1) shall have sustained since the date of the latest audited financial statements included in the U.S. 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 U.S. 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, financial position, stockholders' equity or result of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the U.S. 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 U.S. Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the U.S. Prospectus.

(k) The Shares to be purchased on such Closing Date by the U.S. Underwriters shall be listed on the New York Stock Exchange.

(l) Each Selling Stockholder (or one or more attorneys-in-fact on behalf of the Selling Stockholder) shall have furnished to the Representatives on each Closing Date a certificate, dated such Closing Date, signed by, or on behalf of, such Selling Stockholder (or the Custodian or one or more attorneys-in-fact) stating that the representations, warranties and agreements of such Selling Stockholder contained herein are true and correct as of such Closing

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Date and that such Selling Stockholder has complied with all agreements contained herein to be performed by such Selling Stockholder at or prior to such Closing Date.

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 Simpson Thacher & Bartlett, counsel for the U.S. Underwriters, and the Company shall furnish to you conformed copies thereof in such quantities as you reasonably request.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each U.S. Underwriter and Selling Stockholder 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 U.S. Underwriter or Selling Stockholder in connection with defending or investigating any such action or claim, joint or several, to which such U.S. Underwriter or such Selling Stockholder 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, any Prospectus or the Registration Statement or any 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 Shares 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, any Prospectus or the Registration Statement or any 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 U.S. Underwriter or Selling Stockholder promptly after receipt of invoices from such U.S. Underwriter or Selling Stockholder for any legal or other expenses as reasonably incurred by such U.S. Underwriter or Selling Stockholder 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 8(a) with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any Preliminary Prospectus which is corrected in a Prospectus if the person asserting such loss, claim, damage or liability purchased Shares from a U.S. Underwriter but was not sent or given a copy of a Prospectus at or prior to the written confirmation of the sale of such Shares to such person; and provided, however, that the Company shall not be liable (x) under this paragraph 8(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 through the Representatives by or on behalf of any U.S. Underwriter or from any Selling Stockholder specifically for use in the preparation of the Registration Statement, any Preliminary Prospectus, any Prospectus or the Registration Statement or any Prospectus as amended or supplemented, or any Blue Sky Application.

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(b) Each Selling Stockholder severally, but not jointly, shall indemnify and hold harmless the Company and each U.S. Underwriter against any loss, claim, damage or liability (or any action in respect thereof) to which the Company or such U.S. 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, any Prospectus or the Registration Statement or any 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 any Prospectus or the Registration Statement or any 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, in the light of the circumstances under which they were made, not misleading and shall reimburse the Company or such U.S. Underwriter promptly after receipt of invoices from the Company or such U.S. Underwriter for any legal or other expenses as reasonably incurred by the Company or such U.S. 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, 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 was made in reliance upon and in conformity with written information concerning such Selling Stockholder furnished to the Company or such U.S. Underwriter by or on behalf of such Selling Stockholder specifically for use in the preparation thereof; provided, further, that no Selling Stockholder shall be liable pursuant to this Section 8(b) with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any Preliminary Prospectus which is corrected in a Prospectus if the person asserting such loss, claim, damage or liability purchased Shares from a U.S. Underwriter but was not sent or given a copy of a Prospectus at or prior to the written confirmation of the sale of such Shares to such person; and provided, further, that the aggregate amount of all such indemnification or reimbursement payable by any Selling Stockholder pursuant to this Agreement and Section 8(b) of the International Underwriting Agreement shall in no case exceed the net proceeds to such Selling Stockholder from the sale of Underwritten Shares.

(c) Each U.S. Underwriter severally, but not jointly, shall indemnify and hold harmless the Company and each Selling Stockholder against any loss, claim, damage or liability (or any action in respect thereof) to which the Company or any Selling Stockholder 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, any Prospectus or the Registration Statement or any 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, any Prospectus or the Registration Statement or any 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 or such Selling Stockholder promptly after receipt of invoices from the Company or such Selling Stockholder for any legal or other expenses as reasonably incurred by

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the Company or such Selling Stockholder 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 was made in reliance upon and in conformity with written information furnished to the Company or such Selling Stockholder through you by or on behalf of such U.S. Underwriter specifically for use in the preparation thereof.

(d) Promptly after receipt by any indemnified party under subsection (a), (b) or (c) 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 8 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 8. 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.

(e) If the indemnification provided for in this Section 8 is unavailable to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall, in lieu of indemnifying such indemnified 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), (b) or (c) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the Selling Stockholders and the U.S. Underwriters from the offering of the Shares 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, the Selling Stockholders and the U.S. 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 Selling Stockholders, on the one hand, and the U.S. Underwriters, on the other hand, shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (after

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underwriting discounts and commissions but before deducting other expenses) received by the Selling Stockholders bear to the total underwriting discounts and commissions received by the U.S. Underwriters, in each case as set forth in the table on the cover page of the U.S. Prospectus (with the estimated expenses allocated pro rata among the Shares and the International Shares). 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, the Selling Stockholders or the U.S. Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, the Selling Stockholders and the U.S. Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (e) were to be determined by pro rata allocation (even if the U.S. 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 (e). 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 (e) 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 (e). Notwithstanding the provisions of this subsection (e), (i) no U.S. Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which writer has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) notwithstanding the provisions of this subsection (e), no Selling Stockholder shall be required to contribute any amount in excess of the amount by which the amount of net proceeds received by such Selling Stockholder from the sale by such Selling Stockholder of its portion of the Shares pursuant to this Agreement exceeds the amount of any damages such Selling Stockholder 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 U.S. Underwriters' obligations in this subsection (e) 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 (d) hereof).

(f) The obligations of the Company and the Selling Stockholders under this Section 8 shall be in addition to any liability which the Company and the Selling Stockholders may otherwise have, and shall extend, upon the same terms and conditions, to each person, if any, who controls the Company, any Selling Stockholder or any U.S. Underwriter within the meaning of the Act; and the obligations of the U.S. Underwriters under this Section 8 shall be in addition to any liability that the respective U.S. Underwriters may otherwise have, and shall extend, upon the same terms and conditions, to each director of the Company (including any

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person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) or any Selling Stockholder, to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company or a Selling Stockholder within the meaning of the Act.

9. Substitution of U.S. Underwriters. If, on either Closing Date, any U.S. Underwriter defaults in the performance of its obligations under this Agreement, the remaining non-defaulting U.S. Underwriters shall be obligated to purchase the Shares which the defaulting U.S. Underwriter agreed but failed to purchase on such Closing Date in the respective proportions which the number of Firm Shares set opposite the name of each remaining non-defaulting U.S. Underwriter in Schedule 1 hereto bears to the total number of Firm Shares set opposite the names of all the remaining non-defaulting U.S. Underwriters in Schedule 1 hereto; provided, however, that the remaining non-defaulting U.S. Underwriters shall not be obligated to purchase any of the Shares on such Closing Date if the total number of Shares which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase on such date exceeds 9.09% of the total number of Shares to be purchased on such Closing Date, and any remaining non-defaulting U.S. Underwriter shall not be obligated to purchase more than 110% of the number of Shares which it agreed to purchase on such Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting U.S. Underwriters, or those other underwriters satisfactory to the Representatives 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 Shares to be purchased on such Closing Date. If the remaining non-defaulting U.S. Underwriters or other underwriters satisfactory to the Representatives do not elect to purchase the Shares which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase on such Closing Date, this Agreement (or, with respect to the Option Closing Date, the obligation of the U.S. Underwriters to purchase, and of the Company to sell, the Option Shares) shall terminate without liability on the part of any non-defaulting U.S. Underwriter or the Company or the Selling Stockholders, except that the Company will continue to be liable for the payment of expenses to the extent set forth in Sections 5(f) and 10. As used in this Agreement, the term "U.S. 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 9, purchases Firm Shares which a defaulting U.S. Underwriter agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting U.S. Underwriter of any liability it may have to the Company and the Selling Stockholders for damages caused by its default. If other underwriters are obligated or agree to purchase the Shares of a defaulting or withdrawing U.S. Underwriter, either the Representatives, the Company or the Selling Stockholders 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 U.S. Underwriters, the Company or the Selling Stockholders may be necessary in the Registration Statement, the Prospectus or in any other document or arrangement.

10. 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 Firm Shares for sale to the public. You shall notify the Company immediately after you have

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taken any action which causes this Agreement to become effective. For purposes of this Agreement, the release of the public offering of the Firm Shares for sale to the public shall be deemed to have been made when you release, by telecopy or otherwise, firm offers of the Firm Shares to securities dealers or release for publication a newspaper advertisement relating to the Firm Shares, whichever occurs first.

(b) From the date of this Agreement until the First Closing Date, this Agreement may be terminated by you in your absolute discretion by giving notice as hereinafter provided to the Company and the Selling Stockholders, if (i) the Company shall have failed, refused or been unable, at or prior to such Closing Date, to perform any agreement on its part to be performed hereunder, (ii) any other condition to the obligations of the U.S. Underwriters hereunder (other than the conditions set forth in Section 7(i) 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 Shares; (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 which, in your judgment, makes it inadvisable or impractical to proceed with the completion of the sale of or any payment for the Shares on the terms and in the manner contemplated in the Prospectuses, 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 Shares. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, any Selling Stockholder or any U.S. Underwriter, except as otherwise provided in Section 5(f), Section 8 and Section 10 of this Agreement.

Any notice referred to above may be given at the address specified in Section 12 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 10 preventing this Agreement from becoming effective or if the U.S. Underwriters shall decline to purchase the Shares for any reason permitted under this Agreement, the Company shall reimburse the U.S. 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

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and the proposed purchase of the Shares, and upon demand the Company shall pay the full amount thereof to the U.S. Underwriters.

11. Survival of Certain Provisions. The agreements contained in Section 8 hereof and the representations, warranties and agreements of the Company contained in Sections 1 and 5 hereof and the Selling Stockholder contained in Sections 2 and 6 hereof shall survive the delivery of the Shares to the U.S. 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.

12. 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; (b) whenever notice is required by the provisions of this agreement to be given to the Selling Stockholders, such notice shall be in writing or by telecopy addressed to Three World Financial Center (18th Floor), New York, New York 10285, Attention: Alan Washkowitz; and (c) whenever notice is required by the provisions of this Agreement to be given to the several U.S. Underwriters, such notice shall be in writing or by telecopy addressed to you, in care of Lehman Brothers Inc., Three World Financial Center, New York, New York 10285, Attention: Syndicate Department.

13. Information Furnished by U.S. Underwriters. The U.S. Underwriters severally confirm that the statements set forth in the last paragraph of the cover page with respect to the public offering of the Shares and under the caption "Underwriting" in any Preliminary Prospectus and in the Prospectuses are correct and constitute the written information furnished by or on behalf of any U.S. Underwriter referred to in paragraph (c) of Section 1 hereof and in paragraphs (a) and (c) of Section 8 hereof.

14. Information Furnished by Selling Stockholders. Each of the Selling Stockholders severally confirm that the statements with respect to such Selling Stockholder set forth under the caption "Selling Stockholders" in any Preliminary Prospectus and in the Prospectuses are correct and constitute the only written information furnished by or on behalf of the Selling Stockholder pursuant to Section 8(b) hereof.

15. Parties. This Agreement shall inure to the benefit of and binding upon the several U.S. Underwriters, the Company, the Selling Stockholders 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 and the Selling Stockholders contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any U.S. Underwriter within the meaning of Section 15 of the Act and for the benefit of any International Manager (and controlling persons thereof) who offers or sells any Shares in accordance with the terms of the Agreement Between U.S. Underwriters and International Managers and (b) the indemnity agreement of the U.S. Underwriters contained in Section 8 hereof shall be deemed to be for the benefit of directors of the Company, officers of the Company who signed the Registration Statement, any person controlling the Company within the meaning of Section 15 of the Act, the

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directors of each Selling Stockholder, the officers of each Selling Stockholder and any person controlling any Selling Stockholder with the meaning of Section 15 of the Act. 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.

16. Compliance with Conduct Rule 2720 of NASD By-Laws. Each U.S. Underwriter agrees, severally and not jointly, that in accordance with Conduct Rule 2720 of the By-Laws of the NASD, a transaction in Shares issued by the Company shall not be executed by such U.S. Underwriter in a discretionary account without the prior specific written approval of the customer.

17. 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.

18. 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.

If the foregoing correctly sets forth the agreement among the Company, the Selling Stockholders and the U.S. Underwriters, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

LEAR CORPORATION

By: ----------

Name:
Title:

LEHMAN BROTHERS MERCHANT BANKING PORTFOLIO PARTNERSHIP L.P., as Selling Stockholder

By: LBI Group, Inc.

By: ----------

Name:
Title:

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LEHMAN BROTHERS CAPITAL PARTNERS II, L.P., as
Selling Stockholder

By: Lehman Brothers Holdings Inc.

By:

Name:
Title:

LEHMAN BROTHERS OFFSHORE INVESTMENT
PARTNERSHIP L.P., as Selling Stockholder

By: Lehman Brothers Offshore Partners Ltd

By:

Name:
Title:

LEHMAN BROTHERS OFFSHORE INVESTMENT
PARTNERSHIP - JAPAN L.P., as Selling Stockholder

By: Lehman Brothers Offshore Partners Ltd.

By:

Name:
Title:

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Accepted:

LEHMAN BROTHERS INC.
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
MORGAN STANLEY CO. INCORPORATED
SALOMON BROTHERS INC
SCHRODER WERTHEIM & CO. INCORPORATED
For themselves and as Representatives
for each of the several U.S. Underwriters
named in Schedule I hereto

By: LEHMAN BROTHERS INC.

By: _____
Name:
Title:

SCHEDULE I

U.S. Underwriting Agreement dated _____, 1997

U.S. Underwriter	Number of Firm Shares to be Purchased
Lehman Brothers Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Morgan Stanley & Co. Incorporated	
Salomon Brothers Inc	
Schroder Wertheim & Co. Incorporated	

SCHEDULE II

U.S. Underwriting Agreement dated _____, 1997

Selling Stockholder	Number of Firm Shares to be Sold
Lehman Brothers Merchant Banking Portfolio Partnership L.P.	
Lehman Brothers Capital Partners II, L.P.	
Lehman Brothers Offshore Investment Partnership L.P	
Lehman Brothers Offshore Investment Partnership-Japan L.P	

STB DRAFT 6/6/97

EXHIBIT 1.2

1,800,000 Shares

LEAR CORPORATION

Common Stock

International Underwriting Agreement

_____, 1997

Lehman Brothers International (Europe)
Donaldson, Lufkin & Jenrette Securities Corporation
Morgan Stanley & Co. International Limited
Salomon Brothers International Limited
J. Henry Schroder & Co. Limited
As Lead Managers for each of
the several International Managers
named in Schedule I hereto,
c/o LEHMAN BROTHERS INTERNATIONAL (EUROPE)
One Broadgate
London EC2M 7HA
ENGLAND

Dear Sirs:

Lehman Brothers Merchant Banking Portfolio Partnership L.P., Lehman Brothers Capital Partners II, L.P., Lehman Brothers Offshore Investment Partnership L.P. and Lehman Brothers Offshore Investment Partnership - Japan L.P. (each a "Selling Stockholder" and collectively the "Selling Stockholders") propose to sell to the several International Managers named in Schedule I hereto (the "International Managers") an aggregate of 1,800,000 shares (the "Firm Shares") of Common Stock, $.01 par value (the "Common Stock"), of Lear Corporation, a Delaware corporation (the "Company"). In addition, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares, the Selling Stockholders propose to grant to the International Managers (as defined below) an option to purchase up to an aggregate of 254,854 additional shares (the "Option Shares") of Common Stock. The Firm Shares and any Option Shares purchased pursuant to this Agreement are herein called the "Shares".

It is understood that the Company and the Selling Stockholders are concurrently entering into a U.S. Underwriting Agreement dated the date hereof (the "U.S. Underwriting Agreement"), providing for the sale by the Company and the Selling Stockholders of an aggregate of 7,200,000 shares (the "U.S. Firm Shares") of Common Stock through arrangements with certain underwriters in the United States and Canada (the "U.S. Underwriters"), for whom

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Lehman Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. Incorporated, Salomon Brothers Inc and Schroder Wertheim & Co. Incorporated are acting as representatives (the "Representatives"). In addition, for the sole purpose of covering over-allotments in connection with the sale of the U.S. Firm Shares, the Selling Stockholders propose to grant to the U.S. Underwriters an option to purchase up to an aggregate of 1,030,000 additional shares (the "U.S. Option Shares") of Common Stock. The U.S. Firm Shares and the U.S. Option Shares which may be offered by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement are herein called the "U.S. Shares"; the U.S. Shares and the Shares, collectively, are herein called the "Underwritten Shares". As specified in Section 3, the respective closings under this Agreement and the U.S. Underwriting Agreement are hereby expressly made conditional on one another.

The Company and the Selling Stockholders also understand that the U.S. Underwriters and the International Managers have entered into an agreement (the "Agreement Between U.S. Underwriters and International Managers") contemplating the coordination of certain transactions between the U.S. Underwriters and the International Managers and that, pursuant thereto and subject to the conditions set forth therein, the U.S. Underwriters may purchase from the International Managers a portion of the Shares or sell to the International Managers a portion of the U.S. Shares. The Company and the Selling Stockholders understand that any such purchases and sales between the U.S. Underwriters and the International Managers shall be governed by the Agreement Between U.S. Underwriters and International Managers and shall not be governed by the terms of this Agreement or the U.S. Underwriting Agreement.

This is to confirm the agreement concerning the purchase of the Shares from the Selling Stockholders by the International Managers and certain related agreements among the Company, the Selling Stockholders and the International Managers.

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.

"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 first paragraph 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.

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

"International Preliminary Prospectus" shall mean a Preliminary Prospectus relating to the Shares which are to be offered and sold outside the United States or Canada to persons other than U.S. Persons.

"International Prospectus" shall mean a Prospectus relating to the Shares which are to be offered and sold outside the United States or Canada to persons other than U.S. Persons.

"Preliminary Prospectuses" 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 Representatives pursuant to Rule 424(a) and each prospectus included in the Registration Statement at the Effective Time that omits Rule 430A Information.

"Prospectuses" shall mean the forms of prospectuses relating to the Underwritten Shares, as first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, the forms of final prospectuses 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, including any documents incorporated by reference therein and all exhibits thereto. 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 Underwritten Shares and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

"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.

"U.S. Person" shall mean any resident or national of the United States or Canada and its provinces, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada and its provinces or any estate or trust the income of which is subject to United States or Canadian income taxation regardless of the source of its income (other than the foreign branch of any U.S. Person), and includes any United States or Canadian branch of a person other than a U.S. Person; and "United States" shall mean the United

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States of America (including the states thereof and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction.

"U.S. Prospectus" shall mean a Prospectus relating to the U.S. Shares which are to be offered and sold in the United States or Canada or to U.S. Persons.

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 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 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-_____) with respect to the Underwritten Shares has been prepared by the Company in conformity with the requirements of the Act and the Rules and Regulations thereunder and 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 as the Lead Managers of the International Managers. 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 forms of final prospectuses or (ii) after effectiveness of such registration statement, final prospectuses 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 Prospectuses are first filed (if required) in accordance with Rule 424(b) and on each Closing Date (as defined in Section 4) the Prospectuses (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the Rules and Regulations. 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 Prospectuses with respect to the Underwritten Shares and the offering thereof, and the Prospectuses, when filed with the Commission, did or will contain all Rule 430A Information, together with all other such required information, with respect to the Underwritten Shares and the offering thereof and, except to the extent the Lead Managers 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 Prospectuses) 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 Prospectuses or the effectiveness of the Registration Statement, and no proceeding for any such purpose has been initiated or threatened by the Commission.

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(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 Prospectuses did not or will not, and on the date of any filing pursuant to Rule 424(b) and on each Closing Date, the Prospectuses (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 information contained in or omitted from the Registration Statement or the Prospectuses in reliance upon, and in conformity with, written information furnished to the Company by you or any Selling Stockholder, or by any International Manager through you, specifically for inclusion therein.

(d) The documents incorporated by reference in the Prospectuses, 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 Prospectuses, when such documents become effective or are filed with 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 Prospectuses, the Prospectuses, 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 Underwritten Shares, 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 Underwritten Shares 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 Prospectuses except where such failure will not have a material adverse effect on the Company and its subsidiaries taken as a whole. Except as described in the Registration Statement and Prospectuses, 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,

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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 Prospectuses, 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 shareholders, 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, shareholders' agreements and voting trusts. The Company's capital stock conform to the statements in relation thereto contained in the Prospectuses. 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 Prospectuses. 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 Prospectuses.

(h) Other than as described in the Prospectuses, there are no contracts, agreements or understandings between the Company and any person granting such person the right to 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, 1996, 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 Prospectuses; and, since such date, there has not been any change in the capital stock of the Company (other than in respect of shares of Common Stock issued upon the exercise of management options) or any material change in 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, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectuses.

(j) 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

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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 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.

(k) The Underwritten Shares have been duly and validly authorized and issued and are fully paid and nonassessable; the Underwritten Shares conform to the description of the Common Stock in the Prospectuses; and the Underwritten Shares have been listed on the New York Stock Exchange.

(l) The execution, delivery and performance of this Agreement and the U.S. Underwriting Agreement and the consummation of the transactions contemplated hereby and thereby, the issuance and sale of the Shares, will not conflict with 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 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 issue and sale of the Underwritten Shares or the consummation of the other transactions contemplated by this Agreement or the U.S. Underwriting Agreement, except the registration under the Act of the Underwritten Shares, and such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws or as may be required by the laws of any country other than the United States in connection with the purchase and distribution of the Underwritten Shares by the U.S. Underwriters and the International Managers.

(m) The Company will not, during the period of 90 days after the date hereof except pursuant to this Agreement or the U.S. Underwriting Agreement or as contemplated by

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the Prospectuses, offer, sell or otherwise dispose of any Common Stock or securities convertible into or exchangeable or exercisable for such Common Stock of the Company, directly or indirectly, without the prior written consent of Lehman Brothers International (Europe); provided, however, that (i) the Company may issue and sell Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company in effect at the Effective Time, (ii) the Company may issue Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Effective Time and (iii) the Company may issue Common Stock as consideration in connection with the acquisition by the Company of new businesses.

(n) Except as may otherwise be disclosed in or contemplated by the Prospectuses, since the date as of which information is given in the Prospectuses, (i) the Company has not declared or paid any dividend or made any distribution on its capital stock, (ii) the Company has not issued or granted any securities and (iii) neither the Company nor any of its subsidiaries have entered into any transaction or incurred any liability or obligation, contingent or otherwise, other than in the ordinary course of business.

(o) Any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectuses 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 in the Registration Statement.

(p) 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.

(q) Except as set forth in the Registration Statement and the Prospectuses and except as would not materially and adversely affect the consolidated financial position, shareholders' 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, local or foreign 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, local or foreign 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

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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 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, local or foreign environmental law.

(r) 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, local and foreign 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.

(s) 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.

(t) 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.

(u) Arthur Andersen LLP, who have certified certain financial statements of the Company, and Price Waterhouse LLP, who have certified certain financial statements of Masland (as defined in the Prospectuses), and whose reports are incorporated by reference in the Prospectus, are independent public accountants as required by the Act and the Rules and Regulations.

(v) 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 Prospectuses or which is required to be disclosed in the Registration Statement and the Prospectuses, which is not disclosed and correctly summarized therein.

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

(x) 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 could reasonably be 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.

(y) 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 Shares.

2. Representations, Warranties and Agreements of the Selling Stockholders. Each Selling Stockholder, severally and not jointly, represents, warrants and agrees as to itself that:

(a) Such Selling Stockholder has, and immediately prior to the First Closing Date (as defined in Section 4) such Selling Stockholder will have, good and valid title to the Underwritten Shares to be sold by such Selling Stockholder hereunder as set forth in Schedule II hereto and under the U.S. Underwriting Agreement on such date, free and clear of all liens, encumbrances, equities or claims; and upon delivery of such Underwritten Shares and payment therefor pursuant hereto and thereto, good and valid title to such Underwritten Shares, free and clear of all liens, encumbrances, equities or claims, will pass to the several U.S. Underwriters and the International Managers.

(b) Such Selling Stockholder has duly and irrevocably executed and delivered powers of attorney (each, a "Power of Attorney") appointing one or more other persons as attorneys-in-fact, with full power of substitution, and with full authority (exercisable by any one or more of them) to execute and deliver this Agreement and the U.S. Underwriting Agreement and to take such other action as may be necessary or desirable to carry out the provisions hereof or thereof on behalf of such Selling Stockholder.

(c) Such Selling Stockholder has full right, power and authority to enter into and perform under this Agreement, the U.S. Underwriting Agreement and the Power of Attorney; the execution, delivery and performance of this Agreement, the U.S. Underwriting Agreement and the Power of Attorney by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby and thereby will not conflict with 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 indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Selling Stockholder is a party or by which the Selling Stockholder is bound or to which any of the property or assets of such Selling Stockholder 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 or comparable instruments, as applicable, or any partnership

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agreement of such Selling Stockholder or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Selling Stockholder or the property or assets of such Selling Stockholder; and no consent, approval, authorization, order, filing or registration of or with, any court or governmental agency or body is required for the execution, delivery and performance of this Agreement, the U.S. Underwriting Agreement or the Power of Attorney by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby and thereby, except the registration under the Act of the Underwritten Shares, filings pursuant to Sections 13 and 16 of the Exchange Act, and such consents, approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws or as may be required by the laws of any country other than the United States in connection with the purchase and distribution of the Shares by the International Managers.

(d) To the extent that any statements or omissions made in the Registration Statement, any Preliminary Prospectuses, the Prospectuses or any amendment or supplement thereto are made in reliance upon and in conformity with written information concerning such Selling Stockholder furnished to the Company by such Selling Stockholder specifically for use therein, such Preliminary Prospectuses did, and the Registration Statement did or will, and the Prospectuses and any amendments or supplements to the Registration Statement or the Prospectuses will, when they become effective or are filed with the Commission, as the case may be, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. Purchase of the Shares by the International Managers. (a) Subject to the terms and conditions and upon the basis of the representations and warranties herein set forth, each of the Selling Stockholders, severally and not jointly, agrees to sell that number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule II hereto, to the International Managers and each of the International Managers agrees, severally and not jointly, to purchase, at a price of $_____ per Share, the number of Firm Shares set forth opposite such International Manager's name in Schedule I hereto. Each International Manager shall be obligated to purchase from the Selling Stockholders that number of the Firm Shares which represents the same proportion of the number of the Firm Shares to be sold by the Selling Stockholders as the number of the Firm Shares set forth opposite the name of such International Manager in Schedule I represents of the total number of the Firm Shares to be purchased by all of the International Managers pursuant to this Agreement. The respective purchase obligations of the International Managers with respect to the Firm Shares shall be rounded among the International Managers to avoid fractional shares, as the Lead Managers may determine. The International Managers agree to offer the Firm Shares to the public as set forth in the International Prospectus. Each International Manager agrees that, except to the extent permitted by the Agreement Between U.S. Underwriters and International Managers, it will not offer any of the Shares inside the United States and Canada.

The obligations of the Selling Stockholders to sell any Shares, and the obligations of the International Managers to purchase the Shares, are subject to the closing of the sale and purchase of the U.S. Firm Shares pursuant to the U.S. Underwriting Agreement.

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(b) Subject to the terms and conditions of this Agreement, the Selling Stockholders hereby grant to the International Managers an option to purchase from the Selling Stockholders, solely for the purpose of covering over-allotments in the sale of Firm Shares, up to 254,854 shares of the Option Shares for a period of 30 days from the date hereof at the purchase price per Share set forth above. Option Shares shall be purchased from the Selling Stockholders for the accounts of the International Managers, severally and not jointly, in proportion to the number of Firm Shares set forth opposite such International Manager's name in Schedule I hereto, except that the respective purchase obligations of each International Manager shall be adjusted by the Lead Managers so that no International Manager shall be obligated to purchase Option Shares other than in 100-share quantities. Option Shares shall be sold by the Selling Stockholders in proportion to the number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule II hereto, rounded among the Selling Stockholders to avoid fractional shares.

4. Delivery of and Payment for Shares. Delivery of certificates for the Firm Shares, and certificates for the Option Shares, if the option to purchase the same is exercised on or before the third Business Day prior to the First Closing Date, shall be made at the offices of Lehman Brothers Inc., Three World Financial Center, Attention: _____, New York, New York 10285 (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 Selling Stockholders (the "First Closing Date").

The option to purchase Option Shares granted in Section 3 hereof may be exercised during the term specified therein by written notice to each of the Selling Stockholders from the Lead Managers. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the time and date, not earlier than either the First Closing Date or the second Business Day after the date on which the option shall have been exercised nor later than the third Business Day after the date of such exercise, as determined by the Lead Managers, when the Option Shares are to be delivered (the "Option Closing Date"). Delivery and payment for such Option Shares shall be made at the offices set forth above for delivery and payment of the Firm Shares. (The First Closing Date and the Option Closing Date are herein individually referred to as a "Closing Date" and collectively referred to as the "Closing Dates".)

Delivery of certificates for the Shares shall be made by or on behalf of the Selling Stockholders to you, for the respective accounts of the International Managers, 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 each of the Selling Stockholders. The certificates for the Shares shall be registered in such names and denominations as you shall have requested at least two full Business Days prior to the applicable Closing Date, and shall be made available for checking and packaging in New York, New York, or such other location as may be designated by you at least one full Business Day prior to such Closing Date. Time shall be of the essence,

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and delivery of certificates for the Shares at the time and place specified in this Agreement is a further condition to the obligations of each International Manager.

5. Covenants. The Company agrees with each International Manager 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 the Representatives 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 International Prospectus which, in your reasonable opinion, may be necessary or advisable in connection with the distribution of the Shares; and the Company shall not file any amendment or supplement to the Registration Statement or the International 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 Shares 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 Lehman Brothers International (Europe) and to counsel for the International Managers a signed copy of the Registration Statement as originally filed and each amendment thereto filed with the Commission, including all consents and exhibits filed therewith, and shall furnish to the International Managers such number of conformed copies of the Registration Statement, as originally filed and each amendment thereto (excluding exhibits other than this Agreement), any Preliminary Prospectus, the International Prospectus and all amendments and supplements to any of such documents, in each case as soon as available and in such quantities as the Lead Managers may from time to time reasonably request.

(c) Within the time during which the Prospectuses relating to the Underwritten Shares are 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 Underwritten Shares as contemplated by the provisions hereof and by the Prospectuses. If during such period any

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event occurs as a result of which the International 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 International 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 5, shall amend the Registration Statement or supplement the International 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 Shares (and any U.S. Shares that may be sold to the International Managers by the U.S. Underwriters) 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 Shares (and such International Shares); 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) The Company shall furnish to you, on or prior to the date of this Agreement, a letter or letters, in form and substance reasonably satisfactory to counsel for the International Managers, pursuant to which each executive officer of the Company identified in the Prospectuses who owns any shares of Common Stock at the Execution Time shall agree not to offer for sale, sell or otherwise dispose of any shares of Common Stock of any securities convertible or exchangeable or exercisable for such Common Stock during the 60 days following the date of the Effective Time except with prior written consent of Lehman Brothers International (Europe).

(f) Whether or not the transactions contemplated in this Agreement are consummated, 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, each Prospectus and any amendment or supplement to each Prospectus, all as provided in this Agreement, the filing fee of the NASD; the reasonable fees and expenses of qualifying the Shares 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 Shares as an investment, if any (including reasonable fees and expenses of counsel to the International Managers in connection therewith); the cost of printing certificates; the cost and charges of any transfer agent or registrar; 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. It is understood, however, that, except as provided in this Section, Section 8 and Section 10 hereof, each Selling Stockholder shall pay all its own costs and expenses, including the fees of its counsel and stock transfer taxes.

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(g) The Company shall, on or prior to each Closing Date, take such action as shall be necessary to comply with the rules and regulations of the New York Stock Exchange with respect to the Shares to be purchased on such date by the International Managers.

(h) During a period of five years from the Effective Date, the Company shall, upon written request, furnish to the Lead Managers 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.

(i) As soon as practicable after the Effective Date of the Registration Statement, the Company shall make generally available to its security holders and to deliver to the International Managers an earnings statement of the Company, conforming with the requirements of Section 11(a) and Rule 158 of the Act, covering a period of at least 12 months beginning after the Effective Date.

6. Further Agreement of the Selling Stockholders. Each Selling Stockholder, severally and not jointly, agrees to deliver to the Representatives prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-9.

7. Conditions of International Managers' Obligations. The respective obligations of the several International Managers hereunder are subject to the accuracy, when made and as of each Closing Date, of the representations and warranties of the Company and the Selling Stockholders contained herein, to the performance by the Company and the Selling Stockholder of their respective obligations hereunder and to each of the following additional terms and conditions:

(a) The Registration Statement and any post-effective amendment thereto has become effective under the Act; if the Registration Statement has not become effective prior to the Execution Time, unless the International Managers 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 Prospectuses shall have been timely filed with the Commission in accordance with Section 5(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 Prospectuses 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 Prospectuses without the consent of the Underwriters. If the Company has elected to rely upon Rule 430A of the Act, the price of the Shares and any price-related information previously omitted from the effective Registration Statement pursuant to such Rule 430A shall have been

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transmitted to the Commission for filing pursuant to Rule 424(b) of the Act within the prescribed time period, and prior to the applicable Closing Date the Company shall have provided evidence satisfactory to the International Managers of such timely filing, or a post-effective amendment providing such information shall have been prepared, filed and declared effective in accordance with the requirements of Rule 430A of the Act.

(b) No U.S. Underwriter or International Manager shall have discovered after the date hereof and disclosed to the Company on or prior to such applicable Closing Date that the Registration Statement or the Prospectuses or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Simpson Thacher & Bartlett, counsel for the International Managers, 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 Underwritten Shares, the Registration Statement and the Prospectuses, and all other legal matters relating to this Agreement and the transactions contemplated hereby, shall be reasonably satisfactory in all respects to Simpson Thacher & Bartlett, counsel for the International Managers, 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 each Closing Date, Winston & Strawn, as special counsel to the Company, shall have furnished to the International Managers their written opinion addressed to the International Managers and dated such Closing Date in form and substance reasonably satisfactory to the International Managers (with customary qualifications and assumptions agreed to by counsel for the International Managers) 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 respective properties and to conduct the business in which they are engaged as described in the Prospectus;

(ii) this Agreement and the U.S. Underwriting Agreement have been duly authorized, executed, and delivered by the Company, are legally valid and binding obligations of the Company, and are enforceable against the Company in accordance with their terms, except to the extent that rights to indemnity or contribution hereunder and thereunder 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

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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 or the U.S. Underwriting Agreement by the Company (except filings under the Act and filings with the New York Stock Exchange 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);

(iii) the Underwritten Shares conform to the description of the Common Stock in the Prospectuses; and the Underwritten Shares have been listed on the New York Stock Exchange;

(iv) The statements contained in the Prospectuses under the caption "Certain United States Federal Tax Considerations for Non-U.S. Holders of Common Stock", insofar as they describe federal statutes, rules and regulations, constitute a fair summary thereof;

(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;

(vi) the Registration Statement and the Prospectuses and any further amendments or supplements thereto made by the Company prior to each Closing Date (other than the financial statements and related schedules therein and other financial and statistical information included in or excluded from the Registration Statement or the Prospectuses, 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 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, the opinion set forth in the first clause of paragraph (ii) 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 General Corporation Law of the State of Delaware; and (ii) rely (to the extent such counsel deems proper and specifies in

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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 applicable Closing Date, addressed to the International Managers and in form reasonably satisfactory to the International Managers with signed or conformed copies for each of the International Managers) of counsel acceptable to Simpson Thacher & Bartlett. Such counsel shall also have furnished to the International Managers a written statement, addressed to the International Managers and dated the applicable Closing Date, in form and substance reasonably satisfactory to the International Managers, to the effect that such counsel participated in conferences with officers and representatives of the Company, Arthur Andersen LLP, the International Managers and Simpson Thacher & Bartlett 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, the Selling Stockholders 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) each of the Prospectuses as amended or supplemented, as of each 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 Prospectuses.

(e) On each Closing Date, Joseph F. McCarthy, General Counsel to the Company, or Michael O'Shea, corporate counsel to the Company, shall have furnished to the International Managers his written opinion addressed to the International Managers and dated such Closing Date in form and substance reasonably satisfactory to the International Managers (with customary qualifications and assumptions agreed to by counsel for the International Managers) 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 respective properties and to conduct the business in which they are engaged as described in the Prospectuses;

(ii) the Company has an authorized capitalization as set forth in the Prospectuses, and all of the issued shares of capital stock of the Company (including,

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without limitation, all of the Underwritten Shares) have been duly and validly authorized and issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectuses; 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 Prospectuses; 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 Prospectuses or has been disclosed to the International Managers;

(iii) the Underwritten Shares have been listed on the New York Stock Exchange;

(iv) 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 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, shareholders, 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 Prospectuses or such as in the aggregate do not have a significant likelihood of having a material adverse effect upon the consolidated financial position, shareholders' equity, results of operations, business or prospects of the Company and its subsidiaries taken as a whole;

(v) 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;

(vi) 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;

(vii) the execution, delivery and performance of this Agreement and the U.S. Underwriting Agreement and the sale of the Underwritten Shares as contemplated hereby and thereby will not conflict with or result in a breach or violation in any material respect of any of the terms and provisions of, or constitute a default under, any material contract, agreement, instrument, lease, or license known to such counsel, 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

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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 and the U.S. Underwriting Agreement or for the sale of the Underwritten Shares contemplated hereby and thereby (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 as to which such counsel need express no opinion);

(viii) any contract, agreement, instrument, lease or license required to be described in the Registration Statement or the Prospectuses 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;

(ix) insofar as statements in the Prospectuses 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; and

(x) there are no preemptive or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any Underwritten Shares pursuant to the Company's Certificate of Incorporation or By-laws, in each case as amended, or any agreement or other instrument; and no holders of securities of the Company have rights to the registration thereof under the Registration Statement except as set forth in the Prospectuses or, if any such holders have such rights, such holders have waived such rights;

Notwithstanding the foregoing, the opinion set forth in the first clause of paragraph (vii) 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 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

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of Michigan or the United States or the corporate law of the State of Delaware upon opinions (dated each Closing Date, addressed to the International Managers and in form reasonably satisfactory to the International Managers with signed or conformed copies for each of the International Managers) of counsel acceptable to Simpson Thacher & Bartlett.

(f) On the First Closing Date, there shall have been furnished to you the opinion of counsel for each of the Selling Stockholders (addressed to the Underwriters), dated the Closing Date in form and substance reasonably satisfactory to the Underwriters to the effect that:

(i) such Selling Stockholder has full right, power and authority to enter into this Agreement and to perform its obligations hereunder;

(ii) this Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder; and

(iii) the execution, delivery and performance of this Agreement by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby will not conflict with 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 indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the property or assets of such Selling Stockholder is subject, nor will such actions result in any violation in any material respect of the provisions of the partnership agreement of such Selling Stockholder or any statute or any order, rule or regulation known to such counsel of any court or governmental agency having jurisdiction over such Selling Stockholder or the property or assets of such Selling Stockholder; and no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency is required for the execution, delivery and performance of this Agreement by such Selling Stockholder and the consummation by such Selling Stockholder of the transactions contemplated hereby, except the registration under the Act of the Shares, such consents approvals, authorizations, registrations, filings or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the shares by the Underwriters or as may be required by the laws of any country other than the United States, and amendments to filings made under the Exchange Act.

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

(i) they have carefully examined the Registration Statement and the Prospectuses and, in their opinion, in each case to the extent information provided in the Registration Statement or Prospectus relates to (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, each of the

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Prospectuses, as amended or supplemented, 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 each Prospectus, as the case may be, no event has occurred which should have been set forth in a supplement to or amendment of each Prospectus which has not been set forth in such a supplement or amendment.

(h) At the Effective Time and on each Closing Date, the Company shall have furnished to the International Managers a letter of Arthur Andersen LLP addressed to the International Managers and dated such Closing Date and in form and substance satisfactory to the International Managers 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 International 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 International Managers concurrently with the execution of this Agreement and confirming in all material respects the conclusions and findings set forth in such prior letter.

(i) The NASD upon review of the terms of the public offering of the Underwritten Shares, shall not have objected to the participation by any of the International Managers in such offering or asserted any violation of the By-Laws of the NASD.

(j) Neither the Company nor any of its Significant Subsidiaries (1) shall have sustained since the date of the latest audited financial statements included in the International 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 International 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, financial position, shareholders' equity or result of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the International 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 International Managers, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the International Prospectus.

(k) The Shares to be purchased on such Closing Date by the International Managers shall be listed on the New York Stock Exchange.

(l) Each Selling Stockholder (or one or more attorneys-in-fact on behalf of such Selling Stockholder) shall have furnished to the Lead Managers on each Closing Date a

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certificate, dated such Closing Date, signed by, or on behalf of, such Selling Stockholder (or one or more attorneys-in-fact) stating that the representations, warranties and agreements of such Selling Stockholder contained herein are true and correct as of such Closing Date and that such Selling Stockholder has complied with all agreements contained herein to be performed by such Selling Stockholder at or prior to such Closing Date.

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 Simpson Thacher & Bartlett, counsel for the International Managers, and the Company shall furnish to you conformed copies thereof in such quantities as you reasonably request.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each International Manager and Selling Stockholder 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 International Manager or Selling Stockholder in connection with defending or investigating any such action or claim, joint or several, to which such International Manager or Selling Stockholder 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, any Prospectus or the Registration Statement or any 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 Shares 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, any Prospectus or the Registration Statement or any 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 International Manager and Selling Stockholder promptly after receipt of invoices from such International Manager or Selling Stockholder for any legal or other expenses as reasonably incurred by such International Manager or Selling Stockholder 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 8(a) with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any Preliminary Prospectus which is corrected in a Prospectus if the person asserting such loss, claim, damage or liability purchased Shares from an International Manager but was not sent or given a copy of a Prospectus at or prior to the written confirmation of the sale of such Shares to such person; and provided, that the Company shall not be liable (x) under this paragraph 8(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 through the Representatives by or on behalf of any International Manager or Selling Stockholder specifically

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for use in the preparation of the Registration Statement, any Preliminary Prospectus, any Prospectus or the Registration Statement or any Prospectus as amended or supplemented, or any Blue Sky Application.

(b) Each Selling Stockholder severally, but not jointly, shall indemnify and hold harmless the Company and each International Manager against any loss, claim, damage or liability (or any action in respect thereof) to which the Company or such International Manager 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, any Prospectus or the Registration Statement or any 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, any Prospectus or the Registration Statement or any 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, in the light of the circumstances under which they were made, not misleading and shall reimburse the Company or such International Manager promptly after receipt of invoices from the Company or such International Manager for any legal or other expenses as reasonably incurred by the Company or such International Manager 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 was made in reliance upon and in conformity with written information concerning such Selling Stockholder furnished to the Company or such International Manager by or on behalf of such Selling Stockholder specifically for use in the preparation thereof; provided, further, that the Selling Stockholder shall be liable pursuant to this Section 8(b) with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any Preliminary Prospectus which is corrected in a Prospectus if the person asserting such loss, claim, damage or liability purchased Shares from an International Manager but was not sent or given a copy of a Prospectus at or prior to the written confirmation of the sale of such Shares to such person; and provided, further, that the aggregate amount of all such indemnification or reimbursement payable by any Selling Stockholder pursuant to this Agreement and Section 8(b) of the U.S. Underwriting Agreement shall in no case exceed the net proceeds to such Selling Stockholder from the sale of the Underwritten Shares.

(c) Each International Manager severally, but not jointly, shall indemnify and hold harmless the Company and each Selling Stockholder against any loss, claim, damage or liability (or any action in respect thereof) to which the Company or any Selling Stockholder 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, any Prospectus or the Registration Statement or any 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, any Prospectus or the Registration Statement or any

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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 or such Selling Stockholder promptly after receipt of invoices from the Company or such Selling Stockholder for any legal or other expenses as reasonably incurred by the Company or such Selling Stockholder 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 was made in reliance upon and in conformity with written information furnished to the Company or such Selling Stockholder through you by or on behalf of such International Manager specifically for use in the preparation thereof.

(d) Promptly after receipt by any indemnified party under subsection (a) (b) or (c) 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 8 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 8. 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.

(e) If the indemnification provided for in this Section 8 is unavailable to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall, in lieu of indemnifying such indemnified 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), (b) or (c) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the Selling Stockholders and the International Managers from the offering of the Shares 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, the Selling Stockholders and the International Managers in connection with the statements or omissions that resulted in

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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 Selling Stockholders, on the one hand, and the International Managers, on the other hand, shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (after underwriting discounts and commissions but before deducting other expenses) received by the Selling Stockholders bear to the total underwriting discounts and commissions received by the International Managers, in each case as set forth in the table on the cover page of the International Prospectus (with the estimated expenses allocated pro rata among the Shares and the U.S. Shares). 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, the Selling Stockholders or the International Managers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, the Selling Stockholders and the International Managers agree that it would not be just and equitable if contributions pursuant to this subsection (e) were to be determined by pro rata allocation (even if the International Managers 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 (e). 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 (e) 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 (e). Notwithstanding the provisions of this subsection (e), (i) no International Manager shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such International Manager has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) notwithstanding the provisions of this subsection (e), no Selling Stockholder shall be required to contribute any amount in excess of the amount by which the amount of net proceeds received by such Selling Stockholder from the sale by such Selling Stockholder of its portion of the Shares pursuant to this Agreement exceeds the amount of any damages such Selling Stockholder 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 International Managers' obligations in this subsection (e) 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 (d) hereof).

(f) The obligations of the Company and the Selling Stockholders under this Section 8 shall be in addition to any liability which the Company and the Selling Stockholders may otherwise have, and shall extend, upon the same terms and conditions, to each person, if

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any, who controls the Selling Stockholder or any International Manager within the meaning of the Act; and the obligations of the International Managers and the Selling Stockholders under this Section 8 shall be in addition to any liability that the respective International Managers and the Selling Stockholders 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) or any Selling Stockholder, to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Act.

9. Substitution of International Managers. If, on either Closing Date, any International Manager defaults in the performance of its obligations under this Agreement, the remaining non-defaulting International Managers shall be obligated to purchase the Shares which the defaulting International Manager agreed but failed to purchase on such Closing Date in the respective proportions which the number of Firm Shares set opposite the name of each remaining non-defaulting International Manager in Schedule 1 hereto bears to the total number of Firm Shares set opposite the names of all the remaining non-defaulting International Managers in Schedule 1 hereto; provided, however, that the remaining non-defaulting International Managers shall not be obligated to purchase any of the Shares on such Closing Date if the total number of Shares which the defaulting International Manager or International Managers agreed but failed to purchase on such date exceeds 9.09% of the total number of Shares to be purchased on such Closing Date, and any remaining non-defaulting International Manager shall not be obligated to purchase more than 110% of the number of Shares which it agreed to purchase on such Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting International Managers, or those other underwriters satisfactory to the Lead Managers 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 Shares to be purchased on such Closing Date. If the remaining International Managers or other underwriters satisfactory to the Lead Managers do not elect to purchase the Shares which the defaulting International Manager or International Managers agreed but failed to purchase on such Closing Date, this Agreement (or, with respect to the Option Closing Date, the obligation of the International Managers to purchase, and of the Company to sell, the Option Shares) shall terminate without liability on the part of any non-defaulting International Manager or the Company or the Selling Stockholders, except that the Company will continue to be liable for the payment of expenses to the extent set forth in Sections 5(f) and 10. As used in this Agreement, the term "International Manager" 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 9, purchases Firm Shares which a defaulting International Manager agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting International Manager of any liability it may have to the Company and the Selling Stockholders for damages caused by its default. If other underwriters are obligated or agree to purchase the Shares of a defaulting or withdrawing International Manager, either the Lead Managers, the Company or the Selling Stockholders 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 International Managers, the Company or the

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Selling Stockholders may be necessary in the Registration Statement, the Prospectus or in any other document or arrangement.

10. 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 Firm Shares for sale to the public. You shall notify the Company immediately after you have taken any action which causes this Agreement to become effective. For purposes of this Agreement, the release of the public offering of the Firm Shares for sale to the public shall be deemed to have been made when you release, by telecopy or otherwise, firm offers of the Firm Shares to securities dealers or release for publication a newspaper advertisement relating to the Firm Shares, whichever occurs first.

(b) From the date of this Agreement until the First Closing Date, this Agreement may be terminated by you in your absolute discretion by giving notice as hereinafter provided to the Company and the Selling Stockholders, if (i) the Company shall have failed, refused or been unable, at or prior to such Closing Date, to perform any agreement on its part to be performed hereunder; (ii) any other condition to the obligations of the International Managers hereunder (other than the conditions set forth in Section 7(i) 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 Shares; (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 which, in your judgment, makes it inadvisable or impractical to proceed with the completion of the sale of or any payment for the Shares on the terms and in the manner contemplated in the Prospectuses; 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 Shares. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, any Selling Stockholder or any International Manager, except as otherwise provided in Section 5(f), Section 8 and Section 10 of this Agreement.

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Any notice referred to above may be given at the address specified in Section 12 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 10 preventing this Agreement from becoming effective, or if the International Managers shall decline to purchase the Shares for any reason permitted under this Agreement, the Company shall reimburse the International Managers 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 Shares, and upon demand the Company shall pay the full amount thereof to the International Managers.

11. Survival of Certain Provisions. The agreements contained in Section 8 hereof and the representations, warranties and agreements of the Company contained in Sections 1 and 5 hereof and the Selling Stockholder contained in Sections 2 and 6 hereof shall survive the delivery of the Shares to the International Managers 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.

12. 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; (b) whenever notice is required by the provisions of this Agreement to be given to the Selling Stockholders, such notice shall be in writing or by telecopy addressed to Three World Financial Center (18th Floor), New York, NY, Attention: Alan Washkowitz; and (c) whenever notice is required by provisions of this Agreement to be given to the several International Managers, such notice shall be in writing or by telecopy addressed to you, in care of Lehman Brothers International (Europe), One Broadgate, London EC2M 7HA, England.

13. Information Furnished by U.S. Underwriters. The International Managers severally confirm that the statements set forth in the last paragraph of the cover page with respect to the public offering of the Shares and under the caption "Underwriting" in any Preliminary Prospectus and in the Prospectuses are correct and constitute the written information furnished by or on behalf of any International Manager referred to in paragraph (c) of Section 1 hereof and in paragraphs (a) and (c) of Section 8 hereof.

14. Information Furnished by Selling Stockholders. Each the Selling Stockholders severally confirm that the statements with respect to such Selling Stockholder set forth under the caption "Selling Stockholders" in any Preliminary Prospectus and in the Prospectuses are correct and constitute the only written information furnished by or on behalf of such Selling Stockholder pursuant to Section 8(b) hereof.

15. Parties. This Agreement shall inure to the benefit of and binding upon the several International Managers, the Company, the Selling Stockholders and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only

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those persons, except that (a) the representations, warranties, indemnities and agreements of the Company and the Selling Stockholder contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any International Manager within the meaning of Section 15 of the Act and for the benefit of any U.S. Underwriter (and controlling persons thereof) who offers or sells any Shares in accordance with the terms of the Agreement Between U.S. Underwriters and International Managers and (b) the indemnity agreement of the International Managers contained in Section 8 hereof shall be deemed to be for the benefit of directors of the Company, officers of the Company who signed the Registration Statement, any person controlling the Company within the meaning of Section 15 of the Act, directors of each Selling Stockholder, officers of each Selling Stockholder and any person controlling any Selling Stockholder within the meaning of Section 15 of the Act. 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.

16. Compliance with Conduct Rule 2720 of NASD By-laws. Each International Manager agrees, severally and not jointly, that in accordance with Conduct Rule 2720 of the By-laws of the NASD, a transaction in Shares issued by the Company shall not be executed by such International Manager in a discretionary account without the prior specific written approval of the customer.

17. 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.

18. 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.

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If the foregoing correctly sets forth the agreement among the Company, the Selling Stockholders and the International Managers, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

LEAR CORPORATION

By:

Name:
Title:

LEHMAN BROTHERS MERCHANT BANKING PORTFOLIO PARTNERSHIP L.P., as Selling Stockholder

By: LBI Group, Inc.
By:

Name:
Title:

LEHMAN BROTHERS CAPITAL PARTNERS II, L.P., as Selling Stockholder

By: Lehman Brothers Holdings, Inc.

By:

Name:
Title:

LEHMAN BROTHERS OFFSHORE INVESTMENT PARTNERSHIP L.P., as Selling Stockholder

By: Lehman Brothers Offshore Partners Ltd.

By:

Name:
Title:

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LEHMAN BROTHERS OFFSHORE INVESTMENT
PARTNERSHIP - JAPAN L.P., as Selling
Stockholder

By: Lehman Brothers Offshore Partners
Ltd.

By:

Name:
Title:

Accepted:

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
SALOMON BROTHERS INTERNATIONAL LIMITED
J. HENRY SCHRODER & CO. LIMITED
For themselves and as Lead Managers
for each of the several International Managers
named in Schedule I hereto

By: LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By:

Name:
Title:

SCHEDULE I

International Underwriting Agreement dated _____, 1997

International Managers	Number of Firm Shares to be Purchased
Lehman Brothers International (Europe)	
Donaldson, Lufkin & Jenrette Securities Corporation	
Morgan Stanley & Co. International Limited	
Salomon Brothers International Limited	
J. Henry Schroder & Co. Limited	

SCHEDULE II

International Underwriting Agreement dated _____, 1997

Selling Stockholder	Number of Firm Shares to be Sold
Lehman Brothers Merchant Banking Portfolio Partnership L.P.	
Lehman Brothers Capital Partners II, L.P.	
Lehman Brothers Offshore Investment Partnership L.P.	
Lehman Brothers Offshore Investment Partnership-Japan L.P.	

[Letterhead of Winston & Strawn]

EXHIBIT 5.1

June 9, 1997

Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48086-5008

Re: Registration Statement on Form S-3 of Lear Corporation (the "Registration Statement")

Ladies and Gentlemen:

We have acted as special counsel to Lear Corporation, a Delaware corporation (the "Company"), in connection with the registration on Form S-3 of the offer and sale of up to 10,284,854 shares of Common Stock, par value $.01 per share (the "Common Stock"), of the Company by certain selling stockholders (the "Selling Stockholders").

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 an original or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement relating to the Common Stock, as filed with the Securities and Exchange Commission (the "Commission") on June 9, 1997; (ii) the Amended and Restated Certificate of Incorporation of the Company, as currently in effect; (iii) the Amended and Restated By-laws of the Company, as currently in effect; and (iv) resolutions of the Board of Directors of the Company relating to, among other things, the filing of the Registration Statement. We have also examined such other documents and records 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 and records 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 shares of Common Stock covered by the Registration Statement are, and, when sold by the Selling Stockholders as described in the Registration Statement, will be, legally issued, fully paid and non-assessable.

We hereby consent to the reference to our firm under the heading "Legal Matters" in the prospectuses included in 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
WINSTON & STRAWN

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 4, 1997 included in Lear Corporation's Form 10-K for the year ended December 31, 1996, and to all references to our firm included in this registration statement.

/s/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

Detroit, Michigan
June 5, 1997

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 dated June 10, 1997 of Lear Corporation (formerly known as Lear Seating Corporation) of our report dated August 8, 1995, relating to the consolidated financial statements of Masland Corporation as of June 30, 1995 and July 1, 1994 and for the three years in the period ended June 30, 1995, which appears on page 3 of Lear Corporation's Form 8-K dated June 27, 1996. We also consent to the reference to us under the heading "Experts" in the Form S-3 of Lear Corporation dated June 10, 1997.

/s/ PRICE WATERHOUSE LLP
- ------------------------------------
PRICE WATERHOUSE LLP

Philadelphia, Pennsylvania
June 9, 1997

EXHIBIT 99.1

PURCHASE AGREEMENT

between

1. KEIPER GmbH & Co., Remscheid, registered in the commercial register of the local court in Remscheid under HR A 424,

- hereinafter "KRC" -

2. Putsch GmbH & Co. KG, Rockenhausen, registered in the commercial register of the local court of Kaiserslautern for Rockenhausen under HR A 1206,

- hereinafter "PKG" -

3. KEIPER RECARO GmbH, Kaiserslautern, registered in the commercial register of the local court of Kaiserslautern under HR B 1388

- hereinafter "KRG" -

4. KEIPER Car Seating Verwaltungs-GmbH, Remscheid, registered in the commercial register of the local court of Remscheid under HR B 2024

- hereinafter "KV";

(KRC, PKG, KRG and KV are hereinafter collectively referred to as "Sellers" or individually as "Seller")

5. KEIPER Car Seating GmbH & Co., Bremen, registered in the commercial register of the local court of Bremen under HR A 21337

- hereinafter "KCS" -

6. LEAR Corporation GmbH & Co. Kommanditgesellschaft, Ginsheim-Gustavsburg, registered in the commercial register of the local court of GroB-Gerau under HR A 3091

- hereinafter the "Purchaser" -

7. LEAR Corporation, with its principle place of business at 21557 Telegraph Road, Southfield, Michigan 48034

- hereinafter "LEAR" -

Preamble

(A) KV is the sole general partner (Komplementar) and KRC is the sole limited partner (Kommanditist) of KCS, a limited partnership under German law which is registered in the commercial register of the local court (Amtsgericht) of Bremen under HR A 21337.

(B) KCS was founded on December 20, 1996. By virtue of a contribution agreement (Einbringungsvertrag) which was also entered into on December 20, 1996 KRC contributed to KCS with effect as of January 1, 1997 KRC'S business of developing, producing and distributing complete vehicle seats for the just-in-time production under the trademark "KEIPER" or under other trademarks (the "Just-in-Time Business"). In addition, also effective as of January 1, 1997 KRC contributed (i) to a limited partnership named RECARO GmbH & Co., Kirchheim, its business of developing, designing, producing and manufacturing seats under the trademark "RECARO" and (ii) to a limited partnership named RECARO Aircraft Seating GmbH & Co., Schwabisch Hall, its business named AIRCOMFORT in which air passenger seats are developed, produced and distributed. The business remaining within KRC is the business of developing, producing and distributing hardware components; further, via its so-called technical centre (Technisches Zentrum) in Kaiserslatern KRC continues to develop but not to produce and/or distribute vehicle seats after the Closing subject to the limitations set forth in this Agreement.

(C) The Purchaser is a limited partnership under German law and is engaged in the business of developing, producing and distributing complete vehicle seats and other parts for the automotive industry.

LEAR, a corporation organised under the laws of Delaware, is the ultimate parent company of the Purchaser.

(D) Sellers desire to sell to Purchaser in accordance with the terms and conditions of this Agreement their respective interests in KCS and the shares and/or interests in certain other companies.

Therefore, the parties enter into the following agreement:

ARTICLE 1
OWNERSHIP OF KCS

1.1 KCS has a total capital (Kommanditkapital) in the amount of DM 33,000,000 which is held by KRC. The nominal value of KRC's interest in KCS in the amount of DM 33,000,000 is credited to the capital account (Kapitalkonto) kept by KCS as a fixed account (Festkonto). KV does not hold any interest in the capital of KCS.

1.2 An amount of DM 25,000,000 is registered in the commercial register as the maximum amount of KRC's personal liability as limited partner of KCS (Hafteinlage).

ARTICLE 2
PARTICIPATIONS HELD BY KCS AND
OTHER PARTICIPATIONS TO BE SOLD

2.1 KCS holds or will hold as of the Closing Date or, in the event that a transfer must be registered, will have taken all actions necessary for the registration of ownership of the following participations which are all part of the sale pursuant to this Agreement:

2.1.1 all issued and outstanding shares in KEIPER RECARO Hungary KFT, Mester Utca 2, 8060 Mor, Hungary, ("KCS Hungary") which has a fully paid in share capital of DM 3,337,122; on December 31, 1996 such share capital was increased by an amount of DM 174,780, which capital increase has been filed with the commercial register for registration, but has not yet been registered; KRC has subscribed to and has fully paid in the nominal value of all newly issued shares;

2.1.2 65% of all issued and outstanding shares in KEIPER Car Seating Italia S.p.A., Via Cristoforo Colombo 21, 20060 Pozzo d'Adda, Italy, ("KCS Italy") which has a fully paid in share capital of Lire 4,000,000,000 divided into 80,000 shares with a nominal value of Lira 50,000 per share; the other shareholder being Mr. A. Brizzolara, Via Borgonuova 10, Milan, holding 28,000 shares or 35% of all outstanding shares;

2.1.3 51% of all issued and outstanding shares or 102 shares in KRC TRIM PRODUCTS (PTY) LTD, Greenfields, P.O. Box 5003, 5208 East London,

South Africa, ("KCS TRIM") which has an authorized share capital of Rand 1,000, of which 200 shares with a nominal value of Rand 1 per share have been issued; the other shareholder being Dorbyl Automotive Products, a division of Dorbyl Ltd., Bedfordview, South Africa, holding 98 shares or 49% of all issued and outstanding shares;

2.1.4 51% of all issued and outstanding shares or 102 shares in KRC SEWING COMPANY (PTY) LTD, Greenfields, P.O. Box 5402, 5208 East London, South Africa, ("KCS SEWING") which has an authorized share capital of Rand 1,000, of which 200 shares with a nominal value of Rand 1 per share have been issued; the other shareholder being Automotive Leather Company (PTY) LTD, 53 Hendrik van Eck St., Rosslyn Pretoria, South Africa, holding 98 shares or 49% of all issued and outstanding shares.

2.2 PKG holds the following participations which are also part of the sale pursuant to this Agreement:

2.2.1 All shares in RR LEDER Verwaltungs GmbH, Kaiserslautern, a company with limited liability registered in the commercial register of the local court (Amtsgericht) of Kaiserslautern under HR B 2817 and having a fully paid in share capital of DM 50.000 ("RR-Leder GmbH");

2.2.2 100% of the capital (Kommanditkapital) in the amount of DM 4,500,000 of RR LEDER GmbH & Co., Kaiserslautern, a limited partnership which is registered in the commercial register of the local court (Amtsgericht) of Kaiserslautern under HR A 2294 ("RR-Leder"). The sole general partner of such limited partnership without an interest in the capital is RR LEDER Verwaltungs GmbH.

2.3 KRG holds 15% of all issued and outstanding shares in Johnson Controls Automotive Mexico, Tlaxala, Mexico (hereinafter "JCA Mexico"), the other shareholder being Johnson Controls Holding Company, Inc. Plymouth, Michigan, USA. The shares held by KRG in JCA Mexico are subject of the sale pursuant to this Agreement.

2.4 The following participations which are held by subsidiaries of KRC will also be part of the sale pursuant to this Agreement:

2.4.1 the interest in EURO American Seating, LLC, Wilmington, USA, ("EAS") which is held by KEIPER RECARO Enterprises Inc., Clawson, USA ("KRE"); the other shareholder in EAS is Magna-Lomason Corporation, USA ("MLC");

2.4.2 100% of all issued and outstanding shares in KEIPER CAR SEATING do Brasil LTDA, Cacapava, Brazil, held by KEIPER RECARO do Brazil LTDA, Sao Paulo, Brazil ("KRB") which company has a fully paid in share capital of RS 2.341.000 ("KCS Brazil").

2.5 The entities stated in Section 2.1, 2.2, and 2.4.2 are hereinafter collectively referred to as the "Subsidiaries". The shares and interests held by KRE in EAS and by KRB in KCS Brazil in accordance with Section 2.4 are hereinafter collectively referred to as the "Subsidiary Shares".

ARTICLE 3
SALE OF INTERESTS IN KCS

3.1 In accordance with the provisions set forth in this Agreement KRC and KV hereby sell to Purchaser and Purchaser hereby purchases the partnership interests of KRC and KV in KCS as described in Article I together with all partners' accounts (Gesellschafterkonten) with all amounts credited to the capital account and the transaction account (Verrechnungskonto) as of the Closing Date (the "Sold Interests"). The sale and purchase in accordance with this Section 3.1 shall include all rights for the issuance of the new shares and to the new shares in KCS Hungary arising from the increase of the share capital which is referred to in Section 2.1.1.

3.2 The Sold Interests will be transferred to Purchaser at the Closing Date in accordance with the transfer agreement which is attached to this Agreement in draft form as Annex 8.3.1.

ARTICLE 4
SALE OF OTHER PARTICIPATIONS

4.1 In accordance with the provisions set forth in this Agreement PKG hereby sells to Purchaser and Purchaser hereby purchases the share in RR-Leder GmbH including all dividend rights accruing thereon through the Closing Date and a partnership interest with anominal value of DM 4,500,000 equal to 100% of the capital in RR-Leder

including 100% of the amounts booked to the partners' accounts (Gesellschafterkonten). The interests will be transferred in accordance with the transfer agreement which is attached to this Agreement in draft form as Annex 8.3.3.1.

4.2 In accordance with the provisions set forth in this Agreement KRG hereby sells to Purchaser and Purchaser hereby purchases the shares in JCA Mexico referred to in Section 2.3 including all dividend rights accruing through the Closing Date. The shares will be transferred as set forth in Section 8.3.4.

4.3 In accordance with the provisions set forth in this Agreement Sellers hereby sell and Purchaser hereby purchases the Subsidiary Shares including all dividend rights accruing through the Closing Date. As regards EAS the sale shall include any rights KRE may have for the transfer of MLC's interest in EAS against payment of the purchase price payable therefor. Sellers shall procure that the respective owner of the Subsidiary Shares will take at the Closing (as defined in Section 8.1) all actions which are required by the owner in order to transfer the Subsidiary Shares to Purchaser or its nominee in accordance with all requirements of applicable laws.

ARTICLE 5
PROFIT AND LOSSES FOR THE BUSINESS YEAR 1997

The consolidated profits and losses for the business year 1997 will be allocated between Sellers and Purchaser on the basis of the Final Pro Forma Consolidated Profit and Loss Statement and the Final Pro Forma Consolidated Closing Balance Sheet as defined in Section 9.7 only by adjusting the Purchase Price as provided for in Section 9.9 - 9.11. Sellers shall not be entitled to withdraw (entnehmen) any monies from KCS or the Subsidiaries and undertake to ensure that no dividend or any other distribution of profits or assets is declared between the execution of this Agreement and the Closing Date.

ARTICLE 6
REAL PROPERTY

6.1 PKG is the owner of the following real property (hereinafter the "Real Property"):

6.1.1 The court of Besigheim, land register of Besigheim, folio 9260, map of Ottmars-

heim 4811, lot No. 586/31, Ferdinand-Porsche-StraBe 2, building and land, size 28,798 square metres (the "Besigheim Property").

The land register shows the following encumbrances for the Besigheim Property:

Section II	easement for the benefit of the Zweckverband Industriegebiet Besigheim, Besigheim, granting the right to obtain a de-watering pipe.
Section III	
Current No. 1	mortgage in the amount of DM 1,000,000 plus 16% interest per annum and single supplementary payment in the amount of 2% for the benefit of Allianz-Versicherungs Aktiengesellschaft, Munich
Current No. 2	mortgage over DM 4,000,000 plus 16% interest per annum and a single supplementary payment in the amount of 2% for the benefit of Allianz-Versicherungs Aktiengesellschaft, Munich, ranking equally with the mortgage referred to under current No. 1
Current No. 3	mortgage over DM 1,000,000 plus 15% interest per annum for the benefit of Dresdner Bank Aktiengesellschaft, Remscheid branch
Current No. 4	mortgage over DM 4,000,000 plus 15% interest per annum for the benefit of Dresdner Bank Aktiengesellschaft, Remscheid branch

6.1.2 Local Court Bremen, land register of Vorstadt
R 270, folio 2087, lot 275

Current Number	Lot Number	Description	Size in square metres
8	53/134	Holzweide 5, industrial land	56,000
	53/269	Bruchweide 3, building and land/commercial and industrial	22,834
	53/295	Bruchweide 3, building and land/commercial and industrial	471

(the "Bremen Property")

The land register shows the following encumbrances for the Bremen Property:

Section II: No encumbrances

Section III:

Current No. 1 mortgage over DM 1,000,000 plus 16% interest p.a. and a single supplementary payment in the amount of 2% for the benefit of Allianz Versicherungs-Aktiengesellschaft, Munich

Current No. 2 mortgage over DM 6,000,000 plus 16% interest p.a. and a single supplementary payment in the amount of 2% for the benefit of Allianz Versicherungs-Aktiengesellschaft, Munich

Current No. 3 mortgage over DM 1,000,000 plus 16% interest for benefit of IKB Deutsche Industriebank Aktiengesellschaft, Dusseldorf and Berlin

Current No 4	mortgage over DM 2,000,000 plus 16% interest for the IKB Deutsche Industriebank Aktiengesellschaft, Dusseldorf and Berlin

6.2 PKG and Purchaser hereby agree that the Real Property shall be sold by PKG to Purchaser together with all fixtures (Zubehor). PKG does not warrant the exact size of the Real Property.

The encumbrances in Section III of the land registers where the Real Property is registered shall not be taken over by the Purchaser. For the purpose of having these encumbrances deleted PKG shall provide Purchaser on the Closing Date (as defined in Section 8.1) with a certified declaration from the respective creditor in respect of each mortgage stating that the relevant mortgage shall be deleted (cf. Section 8.3.6) (notariell beglaubigte Loschungsbewilligungen)

6.3 PKG and Purchaser will enter on the Closing Date into a separate transfer agreement (Auflassung) in which PKG and Purchaser will agree upon the transfer of title to the Real Property sold in accordance with this Article 6.

6.4 PKG grants and PKG and Purchaser apply for the registration of priority notices (Auflassungsvormerkungen) with respect to the Bremen and the Besigheim Property for the purpose of securing Purchaser's claim to have title to the Real Property transferred to it. The priority notice shall have in each case the next rank after the encumbrances referred to in Section 6.1.1 and 6.1.2 or a better rank.

Purchaser grants in advance the deletion (Loschung) of the priority notices which will be registered for its benefit in the land register of the Besigheim Property and the Bremen Property and applies for the registration of such deletion provided, however, that the notary may file the application for deletion with the land register only if PKG demands such deletion because of the termination of this Agreement and Purchaser has not moved for and obtained a preliminary injunction against PKG's demand within a period of six weeks after he was properly notified by the notary of such demand and has evidenced to the notary the granting of such preliminary injunction.

6.5 To the extent, applications to the land register have been made jointly by PKG and Purchaser, they shall be deemed to have been made independent from each other.

The notary is instructed to obtain all governmental and other approvals and permits and declarations required under statutory law which will be useful in the context of implementing the sale of the Real Property including, without limitation, the approvals, declaration or negative certifications provided in the Construction Act (Baugesetzbuch) and in the Law on the Transfer of Real Estate (Grundstucksverkehrsgesetz) and to receive service of such approvals or, as the case may be, the refusal to grant such approval, negative declarations or negative certifications with effect for PKG and the Purchaser. PKG and Purchaser grant power of attorney to the notary to represent them in the land register proceedings, in particular they authorise the notary to waive any rights to appeal against decisions of the land registry and to file registrations with the land register in the name of one or both.

6.6 PKG and Purchaser hereby irrevocably authorise the notarial clerks Peter Volk and Jurgen Jungst, both having their main business address at Kaiserstr 66, 60329 Frankfurt am Main, each of them acting alone by waiving the restriction set forth in Section 181 of the German Civil Code (Burgerliches Gesetzbuch) to make and to receive all statements required for the implementation of the sale of the Real Property as well as for any supplements and corrections of the provision in this Agreement regarding the sale of the Real Property. Supplements, however, to the extent that they affect the internal legal relationship between PKG and Purchasers only be made if the notary has been instructed accordingly by PKG and Purchaser. The proxies are authorised to grant sub-power of attorney.

6.7 Attached hereto as Annex 6 is a German translation of Section 6.1 - 6.6 to be filed with the land registers for the purpose of having the priority notices (Auflassungsvormerkungen) referred to in Section 6.4 registered. The Parties hereby agree that the German translation shall be binding upon them and that in case of any conflict between this English version of Article 6 and the German translation thereof the German translation shall prevail.

Article 7
Purchase Price

7.1 Amount of the Purchase Price

The purchase price payable by Purchaser for the Sold Interests, the interests in RR-Leder, the shares in RR-Leder GmbH, the Subsidiary Shares, the shares in JCA Mexico and for the Real Property sold in accordance with Article 6 shall amount to DM 400,000,000 (in words: Deutsche Mark four hundred million) in total (hereinafter the "Purchase Price"). The Purchase Price may be increased or decreased in accordance with Section 9.9. The Purchase Price after such adjustment will be hereinafter referred to as the "Adjusted Purchase Price".

LEAR agrees to be jointly and severally liable for the payment of the Purchase Price, as adjusted in accordance with Section 9.9.

7.2 Allocation of Purchase Price

The Purchase Price payable pursuant to Section 7.1 will be allocated as follows:

7.2.1 DM 312,873,214.69 to the sale of the Sold Interest by KRC;

7.2.2 DM 1 to the sale of the Sold Interest by KV;

7.2.3 DM 66,784.31 to the sale of the shares in RR-LEDER GmbH sold by PKG;

7.2.4 DM 5,000,000 to the sale of the interest in RR-Leder sold by PKG;

7.2.5 DM 6,000,000 to the sale of the interest in EAS;

7.2.6 DM 32,500,000 to the sale of the shares in KCS Brazil;

7.2.7 DM 3,060,000 to the sale of the shares in JCA Mexico sold by KRG;

7.2.8 DM 40,500,000 to the Real Property.

When the Purchase Price will be adjusted pursuant to Section 9.9, the above amounts will be adjusted in accordance with the Final Financial Statements.

7.3 Maturity / Payment of the Purchase Price

7.3.1 The Purchase Price shall become due and payable as follows:

(i) an amount of DM 355,000,000 (in words: Deutsche Mark three hundred and fifty-five million) at the Closing Date;

(ii) an amount of DM 22,500,000 (in words: Deutsche Mark twenty-two million five hundred thousand) one year after the Closing Date;

(iii) an amount of further DM 22,500,000 (in words: Deutsche Mark twenty-two million five hundred thousand) two years after the Closing Date.

7.3.2 The Purchase Price shall be paid as follows:

(i) an amount of DM 32,500,000 (in words: Deutsche Mark thirty-two million five hundred thousand) to KRB's account at Dresdner Bank Lateinamerika, Rua Verbo Divino 1488, Sao Paulo, bank no. 210, account-no. 0021930004, bank code (Agencia) 0940, as such part of the Purchase Price which is allocable to KCS Brazil in accordance with Section 7.2.6.;

(ii) an amount of DM 6,000,000 (in words: Deutsche Mark six million) to KRE's account at National Bank of Detroit, 611 Woodward, Detroit, MI 48226, account-no. 0685223, routing no. 072000326, swift-code: NBDDUS33xxx, as such part of the Purchase Price which is allocable to EAS in accordance with Section 7.2.5.

(iii) the remaining part of the Purchase Price to PKG's account at Deutsche Bank Filiale Remscheid, account-no. 573104702, bank code 340 700 93,

unless PKG notifies Purchaser in accordance with Section 23.6 that the Purchase Price shall be paid in total or in part to a different bank account stated in the notice. Purchaser will be discharged in full from its obligation to pay the Purchase Price once the Purchase Price has been credited to the aforementioned accounts. Purchaser is not responsible for the allocation of the Purchase Price among Sellers.

7.3.3 Purchaser shall deliver to Sellers at Closing two notes (Wechsel) in proper form each over an amount of DM 22,500,000 (in words: Deutsche Mark twenty-two million five hundred thousand) issued by Purchaser and

signed on the front by LEAR (cf. Art. 31 (3) of the German Code on Notes - Wechselgesetz) which are due and payable at the order of Sellers on the due dates which are specified under Section 7.3.1 (ii) and (iii) (the "Notes"). The Notes must be honoured in accordance with normal market conditions as eligible paper (diskontfahiger Wechsel) by any major credit institution in Germany. For the avoidance of doubt it is hereby expressly agreed that the Notes shall not affect Purchaser's obligation to pay the Purchase Price as provided in Section 7.1 through Section 7.3.2 (Zahlung erfullungshalber). However, Purchaser and LEAR shall only be obliged to pay the instalments of the Purchase Price referred to under Section 7.3.1 (ii) and (iii) against return of the Notes.

7.4 No set-off

Purchaser shall not be entitled to exercise any right of retention or set-off against Sellers' claim for payment of the Purchase Price, unless the legal basis and the amount of any counter-claim which Purchaser intends to set-off against Sellers' claim for payment of the Purchase Price are not disputed by Sellers.

ARTICLE 8

CLOSING

8.1 Closing Date / Closing

After the date on which the conditions set forth in Section 8.2 below have been satisfied and Sellers and Purchaser hereto are informed thereof they will meet at the offices of Hengeler Mueller Weitzel Wirtz, Bockenheimer Landstr. 51-53, Frankfurt am Main (or at any other place agreed between Sellers and Purchaser after this Agreement has been signed), to close the transactions contemplated in this Agreement (the "Closing"). The Closing shall take place within a period of 10 Banking Days after the date referred to in the preceding sentence on a date (the "Closing Date") specified by Sellers by giving Purchaser at least five Banking Days' prior written notice, but in no event prior to July 5, 1997. "Banking Day" shall mean a day on which banks at the place where the Closing will take place are open during regular business hours.

8.2 Conditions to Closing

8.2.1 Closing shall not take place before the sale and transfer of the Sold Interests has been declared to be or is deemed to be in compliance with the rules set forth in the EU Merger Control Regulation No. 4064/89 (the "Regulation") by the Commission of the European Union (the "Commission"). If the Commission issues its declaration of compliance subject to certain modifications as set forth in Article 8 of the Regulation the condition to Closing stated in this Section 8.2 shall be deemed to be satisfied only if (i) Sellers and Purchaser agree that the modifications imposed by the Commission shall be implemented in order to proceed with the Closing, or (ii) Sellers agree to fully indemnify Purchaser against any financial disadvantages arising from the implementation of such modifications. Should none of the alternatives referred to in (i) or (ii) be applicable, Section 8.4.2 shall apply mutatis mutandis.

If the Commission issues its declaration of compliance with respect to the sale and transfer of the Sold Interests, but requires with respect to Article 16 of this Agreement an exemption from or a negative certificate with respect to Article 85 of the EEC Treaty, the Parties shall nevertheless proceed with the Closing without amending any other provisions of this Agreement including Article 7 (Purchase Price). If Article 16 is deemed to be inconsistent with Article 85 of the EEC Treaty, Sellers and Purchaser shall in good faith negotiate a valid and enforceable provision in accordance with the principles laid down in Section 23.7 second sentence.

8.2.2 Closing shall only take place if

(i) the representations and warranties stated in Section 10.1.1 and - limited, however, to circumstances warranted in respect of KCS - the representations and warranties set forth in Section 10.1.2, Section 10.1.3 with Section 1.1 and Section 10.1.4 are true and correct;

(ii) neither KCS's plant in Besigheim nor its plant in Bremen has been fully destroyed

by an act of God, e.g. fire or explosion.

8.3 Actions on Closing Date

On the Closing Date Sellers and Purchaser shall take the following actions. All actions are deemed to take place simultaneously.

8.3.1 KRC, KV and Purchaser sign a transfer agreement regarding the transfer of the Sold Interests substantially in the form attached hereto as Annex 8.3.1.;

8.3.2 KRC and KV deliver to Purchaser (i) an application to the commercial register of the local court in Bremen substantially in the form attached hereto as Annex 8.3.2 for the registration of Purchaser as the legal successor of KRC and KV into the Sold Interests such application being duly executed by KRC and KV in notarial form and (ii) a letter undersigned by KRC and KV in which they irrevocably instruct the notary who has certified the signatures under the application or any other notary denominated by Purchaser to submit the application to the commercial register of KCS;

8.3.3 PKG and Purchaser or its nominee have notarized a transfer agreement regarding the transfer of the share in RR-Leder GmbH and the partnership interest in RR-Leder substantially in the form attached hereto as Annex 8.3.3.1, and PKG and RR-Leder GmbH deliver to Purchaser (i) an application to the commercial register of the local court in Kaiserslautern substantially in the form attached hereto as Annex 8.3.3.2 for the registration of Purchaser as the legal successor of PKG into the partnership interest sold in accordance with Section 4.1 such application being duly executed by PKG an RR-Leder GmbH in notarial form and (ii) a letter undersigned by PKG and RR-Leder GmbH in which they irrevocably instruct the notary who has certified the signatures under the application or any other notary denominated by Purchaser to submit the application to the commercial register of RR-Leder;

8.3.4 KRG hands over to Purchaser or its nominee the share certificates representing the shares in JCA Mexico sold in accordance with this Agreement and takes all actions which Purchaser reasonably asks Sellers to take in order to transfer title thereto to Purchaser;

8.3.5 the respective owners of the Subsidiary Shares take all actions required by the respective owner in order to transfer the Subsidiary Shares to Purchaser or its nominee in accordance with all requirements of applicable laws;

8.3.6 PKG and Purchaser sign and have notarized a transfer agreement regarding the transfer of the Real Property sold in accordance with Article 6 substantially in the form attached hereto as Annex 8.3.6;

PKG provides Purchaser with a certified declaration (notariell beglaubigte Loschungsbewilligung) from the respective creditor in respect of each mortgage which is provided in Section III of the land registers where the Real Property is registered stating that the relevant mortgage shall be deleted or, alternatively PKG provides Purchaser with a bank guarantee from a bank of national standing which can be called if and to the extent any mortgages listed in Section 6.1.1 and Section 6.1.2 are foreclosed;

8.3.7 Purchaser pays an amount equal to the aggregate amount of all loans granted through the Closing Date by KEIPER RECARO Verwaltungsgesellschaft mbH, Kaiserslaugtern, ("KRV") to KCS, by PKG to RR Leder and by KRE to EAS as stated in Annex 8.3.7 hereto plus interest accrued thereon in accordance with the loan agreements between the respective Seller and borrower. Purchaser shall pay such amount so that it will be credited in full as at the Closing Date to the German bank account stated in Section 7.3.2. To the extent any amounts payable by Purchaser hereunder in respect of loans granted by KRV to KCS cannot be finally determined as of the Closing Date for bookkeeping or similar reasons such amounts will not be paid as of the Closing Date but as soon as Sellers can finally

determine such amounts and prove them to Purchaser.

8.3.8 Purchaser shall take all actions necessary to substitute the security which KRC and PKG have granted to secure loans taken out by Subsidiaries prior to the date when this Agreement is notarized with effect from the Closing Date or, if the respective lender does not consent to such substitution, repay to the respective lender the full amount of the loans not assumed plus interest accrued thereon; a list of such loans is attached to this Agreement as Annex 8.3.8;

8.3.9 Purchase pays the first instalment of the Purchase Price as provided in Section 7.3.1 (i) so that the full amount of DM 355,000,000 (in words: Deutsche Mark three hundred and fifty-five million) is credited as of the Closing Date to the bank accounts stated in Section 7.3.2 (i) through (iii).

In the event that the priority notices referred to in Section 6.4 and/or the necessary approvals, certifications or negative notifications provided for in the Construction Act (Baugesetzbuch) and in the Law on the Transfer of Real Estate (Grundstuckverkehrsgesetz) should not have been obtained by the Closing Date, Purchaser and PKG already hereby instruct the recording notary to open a notarial escrow account (Notaranderkonto) and Purchaser shall pay the portion of the Purchase Price allocated to the Real Property in accordance with Section 7.2.8 to such escrow account so that the full amount of such portion is credited as of the Closing Date to that account. In respect of such event Purchaser and PKG already hereby irrevocably instruct the recording notary to pay the portion of the Purchase Price credited to the notarial escrow account including all interest accrued thereon to PKG as soon as the priority notices referred to in Section 6.4 have been registered and the aforementioned approvals, certifications or negative certifications have been obtained. The costs arising in connection with the opening and maintaining the notarial escrow account shall be borne by Purchaser.

8.10 Purchaser delivers to Sellers the Notes duly executed by Purchaser and LEAR as provided in Section 7.3.3.

8.4 Best Efforts / Withdrawal from Contract

8.4.1 Sellers and Purchaser will use their best efforts to have the condition to Closing stated in Section 8.2.1 satisfied as soon as practicable after the date of this Agreement. If, however, this condition to Closing should not have been satisfied by November 3, 1997 or earlier or if the competent authority prohibits the acquisition of the Sold Interests Sellers shall have the right to withdraw (zurucktreten) from this Agreement. Sellers may only jointly exercise the aforementioned right by notifying Purchaser accordingly. If Sellers withdraw from this Agreement they shall not be liable to Purchaser for any damages or for the fulfilment of any other obligations under this Agreement or in connection therewith irrespective of the legal basis on which any claim of Purchaser is based.

8.4.2 Purchaser shall have the right to withdraw from this Agreement if the competent antitrust authority prohibits the acquisition of the Sold Interests for reasons other than those described in Section 8.2.1., 2nd paragraph, or if the conditions described in Section 8.2.2 have occurred; unless Purchaser has failed to use its best efforts to have the condition to Closing stated in Section 8.2.1 satisfied, Purchaser shall not be liable to Sellers for any damage or for the fulfilment of any other obligations under this Agreement or in connection therewith irrespective of the legal basis of Sellers' claim.

ARTICLE 9
FINANCIAL STATEMENTS

9.1 Sellers undertake to deliver to Purchaser within ten weeks after the Closing Date:

A balance sheet for KCS as of January 1, 1997 (the "KCS Opening Balance Sheet") and for each of the Subsidiaries (collectively the "Subsidiaries' Balance Sheets" and individually a "Subsidiary Balance Sheet") all as of

December 31, 1996. The KCS Opening Balance Sheet shall be in accordance with the generally accepted accounting principles (Grundsatze ordnungsgemaser Buchfuhrung - "German GAAP") under the German Commercial Code (HGB) as consistently applied for KRC as the former owner of the Just-in-Time Business. The Subsidiaries' Balance Sheets shall be in accordance with the accounting principles which are generally accepted under the jurisdiction of the respective Subsidiary as consistently applied by such Subsidiary. Consistent application shall mean that similar circumstances have been accounted for in the same manner as in the balance sheet as of December 31, 1995. For the avoidance of doubt the correct application of the aforesaid accounting principles shall not be over-ruled by principles of consistency.

Sellers further undertake to conduct a physical inventory (Vorratsvermogen) count and prepare and to have their auditors audit within a period of 10 weeks after the Closing Date;

(i) A pro forma balance sheet on a consolidated basis including KCS and the Subsidiaries as of January 1, 1997 (the "Pro Forma Consolidated Opening Balance Sheet");

(ii) a pro forma consolidated balance sheet including KCS and the Subsidiaries as of the Closing Date (the "Pro Forma Consolidated Closing Balance Sheet") together with a pro forma consolidated profit and loss statement for the period between January 1, 1997 and the Closing Date (the "Pro Forma Consolidated Profit and Loss Statement").

The two aforementioned balance sheets shall hereinafter be collectively referred to as the "Consolidated Balance Sheets". The parties agree that consolidation shall be carried out in accordance with the pro forma consolidation and the evaluation principles which are set forth in Annex 9.1 to this Agreement and in accordance with German GAAP as specified by Annex 9.1. The neutral auditor which may be appointed in accordance with Section 9.5 shall also be bound by such principles. Sellers' auditors and the neutral auditor shall only audit whether the Consolidated Balance Sheets and the Pro Forma Consolidated Profit and Loss Statement were prepared in accordance with this Section 9.1 and Annex 9.1 hereto. For the avoidance of doubt, the Real Property shall not be included in the consolidation.

Moreover, Sellers undertake to deliver to Purchaser within ten weeks after the Closing Date a statement

showing the pro forma net debt of KCS and of the Subsidiaries on a consolidated basis (the "Pro Forma Consolidated Net Debt") as of January 1, 1997 (the "Pro Forma Consolidated Net Debt Statement"). The Pro Forma Consolidated Net Debt shall be equal to the consolidated amount of all bank debt (Verbindlichkeiten gegenuber Kreditinstituten), promissory notes (Eigenwechsel) and of all inter company debt of KCS and the Subsidiaries including interest accrued thereon to be paid-off at the Closing by Purchaser in accordance with Section 8.3.7 minus the consolidated amount of all cash and cash equivalents in the meaning of Section 266 (2) B.IV of the German Commercial Code (HGB), all as shown in the Pro Forma Consolidated Opening Balance Sheet.

The KCS Opening Balance Sheet, the Subsidiaries' Balance Sheets, the Consolidated Balance Sheets, Pro Forma Consolidated Profit and Loss Statement and the Pro Forma Consolidated Net Debt Statement shall hereinafter be collectively referred to as the "Financial Statements".

9.2 Purchaser undertakes to give Sellers and the auditors of Sellers all assistance necessary to prepare and to audit the Financial Statements, respectively.

9.3 Purchaser is entitled to have its own auditors audit the Financial Statements and review the working papers of Sellers' auditors in the presence of Sellers' auditors. Purchaser's auditors shall attend the physical inventory count referred to in Section 9.1. Within six weeks after Purchaser has received the Financial Statements Purchaser's auditors may raise objections against the Financial Statements by stating that any of the Financial Statements were not set up in accordance with Section 9.1 including Annex 9.1. Any objection by Purchaser's auditors shall only be deemed valid and to be raised in time if Sellers are notified thereof in accordance with Section 23.6 within the aforementioned period and if the notification specifies any item of any Financial Statement as to which the objection is raised and the amount by which the assessment of Purchaser's auditors deviates from the amount for the particular item which is stated on the respective Financial Statement.

9.4 If Purchaser raises objections in accordance with Section 9.3 and if Purchaser and Sellers do not agree on the merit of the objections within a period of two weeks after Sellers have been notified of Purchaser's objections, the outstanding issues will be decided with

binding effect for both parties by a neutral auditor to be appointed in accordance with Section 9.5.

9.5 Within a period of further two weeks after Purchaser and Sellers have failed to reach agreement on Purchaser's objections in accordance with Section 9.4 the parties will appoint a neutral auditor. If the Parties cannot agree on the appointment of a neutral auditor within the aforementioned period each party may apply for the appointment of a neutral auditor by the Institut der Wirtschaftsprufer e.V. in Dusseldorf; the Institut der Wirtschaftsprufer e.V. in Dusseldorf shall select as neutral auditor only an audit firm of international reputation with offices in the jurisdiction where KCS and the Subsidiaries are registered.

9.6 The neutral auditor appointed in accordance with Section 9.5 shall audit the specific items against which Purchaser has raised objections in accordance with Section 9.3 and shall determine the amount attributable to the relevant disputed item provided, however, that the amount fixed by the neutral auditor in respect of any such item must be in the range of the deviating opinions of Purchaser and Sellers. The neutral auditor shall not take any decision before the Parties have been given the opportunity to present their views in writing. In any event, however, the neutral auditor shall render a written report including its decision within a period of six weeks after it has been appointed. The neutral auditor shall act as arbitrary (Schiedsgutachter) and its decisions shall be binding upon both Parties. The costs of the neutral auditor shall be borne by the parties in accordance with Section 91 et seq. of the German Code of Civil Procedure (ZPO).

9.7 If Purchaser does not raise any objections in accordance with Section 9.3 the Financial Statements will be binding upon all Parties. If Purchaser raises objections in accordance with Section 9.3 the Financial Statements as adjusted by mutual agreement between the Parties or by the neutral auditor will be binding upon both Parties.

As soon as the Financial Statements have become binding upon both parties they shall become the "Final Financial Statements" and, further, the Pro Forma Consolidated Opening Balance Sheet shall become the "Final Pro Forma Opening Consolidated Balance Sheet", the Pro Forma Consolidated Closing Balance Sheet shall become the "Final Pro Forma Consolidated Closing Balance Sheet" and the Pro Forma Consolidated Profit and Loss Statement appertaining thereto the "Final Pro Forma Consolidated Profit and Loss Statement", the KCS Opening Balance

Sheet shall become the "Final KCS Opening Balance Sheet", the Subsidiaries' Balance Sheet shall become the "Final Subsidiaries' Balance Sheet", and the Net Debt Statement shall become the "Final Net Debt Statement" within the meaning of this Agreement.

9.8 For the purposes of the Financial Statements circumstances which already existed on the Closing Date but become known thereafter (valuation enlightening circumstances - wertaufhellende Tatsachen) shall be taken into account by the Parties and their auditors as well as by the neutral auditor in accordance with German GAAP. However, valuation enlightening circumstances becoming known after the period during which Purchaser may have raised objections in accordance with Section 9.3 may only be taken into account by the neutral auditor to the extent the valuation enlightening circumstance affects the valuation of any items which are subject to the neutral auditor's review in accordance with Section 9.6 and refer to circumstances which are not under the control of Sellers or Purchaser.

9.9 The Purchase Price will be adjusted in accordance with the following provisions:

9.9.1 If the Final Pro Forma Consolidated Profit and Loss Statement and the Final Pro Forma Consolidated Closing Balance Sheet show a profit (JahresuberschuB - within the meaning of Sections 275(2), 307(2), 266(3) German Commercial Code - HGB) for the period between the balance sheet date of the Final Consolidated Opening Balance Sheet (i.e. January 1, 1997) and the Closing Date, the Purchase Price will be increased by an amount equal to the profit after deduction of such portion of the profit which is allocable to minority shareholders or partners.

9.9.2 If the Final Pro Forma Consolidated Closing Profit and Loss Statement and the Final Pro Forma Consolidated Closing Balance Sheet show a loss (Jahresfehlbetrag within the meaning of Sections 275(2), 307(2), 266(3) German Commercial Code - HGB) the Purchase Price will be decreased by such amount after deduction of such portion of the loss which is allocable to minority shareholders or partners.

9.10 If the Purchase Price is increased in accordance with Section 9.9.1, the balance between the Purchase Price

and the Adjusted Purchase Price will become due and payable to PKG's account specified in Section 7.3.2(iii) five Banking Days after the date on which the Pro Forma Consolidated Closing Balance Sheet has become the Final Pro Forma Consolidated Closing Balance Sheet in accordance with Section 9.7.

9.11 If the Purchase Price is decreased in accordance with Section 9.9.2, Sellers shall pay within five Banking Days the amount by which the Purchase Price exceeds the Adjusted Purchase Price to an account specified by Purchaser after the date on which Purchaser notified Sellers of such account in accordance with Section 23.6.

ARTICLE 10
REPRESENTATIONS AND WARRANTIES

Each of the Sellers hereby gives the following warranties (Garantien) to Purchaser and represents that the statements set forth below are true and correct as of the date when this Agreement is executed and, unless expressly provided otherwise in this Article 10, as of the Closing Date:

10.1 Organizational Matters

10.1.1 Sellers have all necessary authority to enter into this Agreement and implement the transactions contemplated herein.

10.1.2 KCS, the Subsidiaries, JCA Mexico and EAS are legal entities duly organized and validly existing under the laws of their respective jurisdiction.

10.1.3 Subject to Annex 10.1.3 the statements set forth in Article 1 and 2 are correct. It is, however, understood between the parties that KRG's shareholding in JCA Mexico may be diluted or reduced before the Closing Date below 15% if KRG does not participate in a capital increase or in an additional financing of capital investments approved by the Board of Directors of JCA Mexico. Any such dilution or reduction of the shareholding shall not be deemed to constitute a breach of this warranty.

10.1.4 KCS, the Subsidiaries, JCA Mexico and EAS are qualified to transact business in all locations in which they transact business and have the power to carry on their business as now being conducted.

10.1.5 Subject to Annex 10.1.5 the Sold Interests, as well as the shares in the Subsidiaries, JCA Mexico and EAS which are sold by Sellers in accordance with this Agreement are fully paid in and have not been repaid and no obligation to repay exists.

10.1.6 KCS and the Subsidiaries are not a party to any joint-venture agreements or silent partnership agreements nor to a contract between business enterprises within the meaning of Sections 291 and 292 Stock Corporation Act or similar agreements, including but not limited to control agreements, agreements to transfer profits, profit pool agreements, agreements to transfer a portion of profit, company lease agreements and operational leases except as set forth in Annex 10.1.6.

10.1.7 Except as set forth in Annex 10.1.7 KCS and the Subsidiaries do not directly or indirectly own or hold any shares or interests in any companies other than the Subsidiaries.

10.1.8 In respect of JCA Mexico, except as provided in the stock purchase agreement dated February 8, 1996, there are no obligations being transferred to Purchaser regarding the shares in this company other than those provided under applicable law.

10.2 Contributions by KRC

KRC made a contribution (Einlage) to KCS the value of which exceeds the amount which is registered for KRC in the commercial register as the maximum amount for which they can be held personally liable (cf. Section 1.2). The contributions made by KRC have not been repaid or withdrawn (entnommen) in total or in part and no obligation to repay exists.

10.3 Ownership

10.3.1 Each of the Sellers is the sole owner of the respective Sold Interest sold by it in accordance with Section 3.1, and the Sold Interests together constitute all interests in KCS. The Sold Interests are freely transferable and not subject to any option or preemptive rights, liens or encumbrances or any other rights

restricting the transfer or the ownership of the Sold Interests.

10.3.2 KCS is the owner of the shares and interests referred to in Section 2.1. Unless provided otherwise in Annex 10.3.2, such shares and interests are freely transferable and are not subject to any option or pre-emptive rights, liens, encumbrances or any other rights restricting the transfer or the ownership of such shares and interests.

10.3.3 The respective Seller is the sole owner of the shares and interests sold by it in accordance with Section 4.1 or, as the case may be, Section 4.2. Unless provided otherwise in Annex 10.3.3., the shares are freely transferable and are not subject to any option or pre-emptive rights, liens or encumbrances and are free of any other rights or claims of third parties.

10.3.4 The respective company which shall transfer the Subsidiary Shares at Closing in accordance with Section 4.3 is the sole owner of the respective shares. Unless provided otherwise in Annex 10.3.4, the Subsidiary Shares are freely transferable and are not subject to any option or pre-emptive rights, liens or encumbrances and are free of any other rights or claims of third parties.

10.3.5 Unless provided otherwise in Annex 10.3.5, to the extent KCS or the respective Subsidiary has not disposed of its assets in the ordinary course of business since January 1, 1997, KCS and the Subsidiaries are the sole owner of all assets and rights shown in the Contribution Balance Sheet (Einbringungsbilanz) as of January 1, 1997 prepared in connection with the transfer of the Just-in-Time Business by KRC to KCS and audited by Sellers' auditors (the "Contribution Balance Sheet") and in the Subsidiaries' Balance Sheets, respectively. Such assets and rights are not subject to any rights of third parties with the exception of statutory landlord liens (Vermieterpfandrechte), bankers' liens resulting from general banking conditions (AGB-Pfandrecht der Banken) and retention of title (Eigentumsvorbehalt) imposed by suppliers within the ordinary course of business or with respect to

Subsidiaries similar rights and are adequate and sufficient for the continuing conduct of the business as now conducted by KCS and the Subsidiaries.

10.4 Fixed Assets (Sachanlagen)/Inventory (Vorratsvermogen)/Accounts Receivable (Forderungen)

10.4.1 The fixed assets owned or leased by KCS and the Subsidiaries have been properly maintained and are in good condition taking into account ordinary wear and tear.

10.4.2 The quality of the inventory of KCS and the Subsidiaries complies with the usual quality of the products which are traded in the market in which KCS or the respective Subsidiary does business except for any obsolete item of the inventory which has been written off or written down in accordance with the principles set forth in Annex 9.1.

10.4.3 Unless provided otherwise in Annex 10.4.3, all notes and accounts receivable recorded on the Final Pro Forma Consolidated Closing Balance Sheet (i) are bona fide claims against debtors for sales or other charges and (ii), to the Sellers' best knowledge, they are not subject to any valid defences, set-offs, or counterclaims, except to the extent of the reserves therefor recorded on the Final Pro Forma Consolidated Closing Balance Sheet.

10.5 Real Property

Sections 6.1.1 and 6.1.2 accurately reflect all encumbrances existing in respect of the Real Property which are to be registered in the land register in section (Abteilung) II and III. There are no duties payable for the development of the Real Property (ErschlieBungsbeitrage) which are due for payment and no works have been carried out which entitle any authority to impose any such duties upon the owner of the Real Property.

10.6 Financial Situation

10.6.1 Equity of KCS and Subsidiaries as of December 31, 1996/ January 1, 1997

The Final KCS Opening Balance Sheet and the Final Subsidiaries' Balance Sheets will show

equity (as defined in accordance with applicable law) at least in the following amounts:

Subsidiary		total equity	equity held by Sellers ("Sellers' Equity Amount")	
KCS	DM	33,000,000	33,000,000	(100%)
KCS Hungary	DM	3,444,709	3,444,709	(100%)
KCS Italy	Lira	7,539,104,906	4,900,418,188.9	(65%)
KCS Trim	Rand	5,684,355	2,899,021.1	(51%)
KCS Sewing	Rand	2,232,299	1,138,472.4	(51%)
RR Leder	DM	1,163,479	1,163,479	(100%)
KCS Brazil	R$	3,170,670	3,170,670	(100%)

10.6.2 Consolidated Net Debt

The consolidated net debt as of the Closing Date calculated in accordance with Section 9.1 will not exceed the amount set forth in Annex 10.6.2 due to transactions outside the ordinary course of business.

10.6.3 Contribution Balance Sheet

The Contribution Balance Sheet has been prepared in accordance with generally accepted accounting principles under the German Commercial Code (Sections 238 et seq., 243 German Commercial Code - HGB) as consistently applied for KRC as the former owner of the Just-in-Time Business and in accordance with the evaluation principles set forth in Annex 9.1.

10.6.4 Subsidiaries' Balance Sheets

The Subsidiaries' Balance Sheets have been prepared in accordance with generally accepted accounting principles in the respective jurisdiction as consistently applied for the respective Subsidiary, i.e. similar circumstances have been accounted for in the same manner as in the balance sheets as of December 31, 1995. For purposes of preparing the Pro Forma Consolidated Balance Sheets the Subsidiaries' Balance Sheets will be adjusted in accordance with the consolidation principles set forth in Annex 9.1.

10.6.5 Intercompany Finance

As of the Closing Date KCS or any of the Subsidiaries is not liable for any obligations of Sellers or those corporations or entities affiliated with them within the meaning of Section 15 et seq. Stock Corporation Act (Aktiengesetz) (the "Affiliates" or individually "Affiliate") and KCS Brazil neither borrows nor lends any money to KRB, or to AUTO COMERCIO E INDUSTRIA ACIL LTDA.

10.7 Employees / Shop Agreements, Collective Bargaining Agreements / Pensions

10.7.1 The employment contracts of all employees listed in Annex 10.7.1 were transferred to KCS in connection with the contribution of the Just-in-Time Business from KRC to KCS. Unless stated otherwise in Annex 10.7.1(A), no employee has objected to the assignment of his or her employment contract to KCS and except for the employees listed in Annex 10.7.1 there are no employees whose employment agreements have been transferred from KRC to KCS.

10.7.2 Unless provided otherwise in Annex 10.7.2, KCS and the Subsidiaries have not made any pension promises to its employees and have neither with their employees nor with the works council (Betriebsrat) of KCS or KRC as the former owner of the Just-in-Time Business or any other body representing employees' interests entered into any agreements providing for profit sharing, Christmas gratification (Weihnachtsgeld), holiday contributions (Urlaubsgeld), severance payments or special remunerations (Sondervergutungen). Moreover KCS and the Subsidiaries are not a party to a shop agreement (Betriebsvereinbarung) or a collective bargaining agreement (Tarifvertrag) which is not expressly listed in Annex 10.7.2. To the best of Sellers' knowledge no working place guarantees have been given other than those given in the shop agreements or collective bargaining agreements listed in Annex 10.7.2.

The pension reserves (Pensionsruckstellungen) shown in the Contribution Balance Sheet of KCS as of January 1, 1997 have been properly made

in accordance with Section 6a of the German Income Tax Code (Einkommensteuergesetz); notwithstanding the foregoing in respect of pensions granted to the employees of KCS and any of the Subsidiaries KCS and the Subsidiaries have taken all actions required under any pension promise and applicable law.

10.8 Environmental Law

10.8.1 The real property, plants and buildings owned by PKG, KCS, if any, and the Subsidiaries are free from and do not cause Environmental Damage. Environmental Damage shall mean any pollution of or the condition of, air, ground, soil, ground- and surface-water and buildings which violates any provision of applicable private or public law or does not comply with legal requirements, taking into account local standards.

10.8.2 None of KCS or the Subsidiaries have any actual or contingent liability with respect to clean up, remediation, removal or abatement of any facility into which any waste or by-product of such company has been directly or indirectly sent for storage, disposal or recycling.

10.8.3 The current business operations of KCS and the Subsidiaries have not resulted in the commencement of proceedings against KCS or KRC as its predecessor or any of the Subsidiaries for violation of any legal provisions in respect of environmental protection. KCS and the Subsidiaries have taken adequate measures to comply in all material respects with the legal provisions applicable to them in respect of environmental protection laws.

10.9 Compliance with Law

KCS and the Subsidiaries do not materially violate any administrative laws or regulations or rights of third parties in a way which is likely to impair, taking into account local standards, the ability to continue their respective business as presently conducted.

10.10 Governmental Approvals, Licenses and Permits

KCS and the Subsidiaries are in possession of all governmental approvals, licences and permits necessary for

the operation of their respective business as it is currently conducted. These approvals, licences and permits are in full force and effect. To the best of Sellers' knowledge the business of KCS and its Subsidiaries have been conducted in all material respects in compliance therewith.

10.11 Product Liability

All products manufactured and distributed by KCS and the Subsidiaries were manufactured in a way which does and will not result in product liability. Unless provided otherwise in Annex 10.11, third parties have not asserted or threatened to assert any claims based on a contractual or non-contractual product liability against KCS or Sellers as partners of KCS or any of the Subsidiaries, and to the best of Sellers' knowledge there are no circumstances which could lead to any such claims.

10.12 Litigation

Except for the lawsuits listed in Annex 10.12 and except for lawsuits with a value (Gegenstandswert) of less than DM 50,000 in any individual case and no more than DM 500,000 in the aggregate, neither KCS nor any of the Subsidiaries is as of the execution of this Agreement involved in court proceedings (including arbitration) either as plaintiff or defendant. Except for the proceedings listed in Annex 10.12 Sellers are not aware of any pending administration proceedings or investigations of public authorities against KCS or any of the Subsidiaries.

10.13 Intellectual Property Rights

10.13.1 To the best of Sellers' knowledge, neither KCS nor any of the Subsidiaries infringes any intellectual property rights of third parties and, to the best of Sellers' knowledge, there is no unauthorised use by any person of any intellectual property rights or confidential information owned or used by any of the Subsidiaries. However, KCS Italy has infringed in the past the trademark "RECARO". Sellers will ensure that Purchaser will not be held liable by Sellers or any of their Affiliates for any such infringement which has accrued prior to the Closing Date.

10.13.2 Unless provided otherwise in Annex 10.13.2, the intellectual property rights transferred

in accordance with Article 18 are sufficient for the continuing conduct of the business as now conducted by KCS and its Subsidiaries and there are no licenses including sub-licenses granted to third parties with regard to these intellectual property rights.

10.13.3 The patents transferred in accordance with Section 18.1 by KRC are:

(a) validly existing and registered or applied for registration as set forth in Annex 18.1.1 and 18.1.2 hereto;

(b) owned by KRC which has full power to transfer or to license them;

(c) to the best of Sellers' knowledge free of any legal defects such as, e.g., the dependency on a patent owned by a third party or a third party's right of prior use;

(d) to the best of Sellers' knowledge free of any technical deficiencies of the inventions of which they are based;

(e) to the best of Sellers' knowledge free of any validly existing patent protection obtained by a third party for any of the inventions on which they are based;

(f) to the best of Sellers' knowledge free of dependencies, i.e. overlapping in the scope of protection, to other patents and patent applications which are presently owned by KRC and which are not to be transferred to KCS;

(g) to the best of Sellers' knowledge not infringed by any third party.

10.13.4 Annex 10.13.4 contains full details of all licenses and other agreements relating to intellectual property rights to which KCS or any of the Subsidiaries is a party (whether as licensor or licensee) or which relate to any intellectual property right owned by any of the Subsidiaries and those licenses and agreements are in full force and effect and are, to the best of Sellers' knowledge, not in

jeopardy and sufficient for the continuing conduct of the business as now conducted by the Subsidiaries.

10.13.5 The current projects which are listed in Annex 1 to the Framework Services Supply Agreement in the Areas of Research and Development (Annex 19.2 to this Agreement):

(i) constitute to the best of Sellers' knowledge all research and development programs which are necessary to satisfy all current commitments to customers;

(ii) are based upon contracts the performance of which has already commenced or upon contracts which have been awarded by a customer;

(iii) have been negotiated at arm's length and in accordance with customary industry practice;

(iv) have been performed and administered in a prudent and diligent manner.

10.13.6 Nothing contained in the agreements mentioned in Article 19 shall be construed in such a manner as to override the warranties given in this Article 10.13.

10.14 INSURANCE

KRC, as the former owner of the Just-in-Time Business, and the Subsidiaries have taken out insurance customary in the business conducted by KCS or the Subsidiaries. KCS and the Subsidiaries have been included in the existing insurance policies which are adequate to meet the risks insured and are customary for the business conducted by KCS. The policies listed in Annex 10.14 which are material for the business of KCS and the Subsidiaries are in full force and effect.

10.15 Changes Since January 1, 1997

None of the following events have occurred since January 1, 1997 until Closing Date (except for events listed in Annexes 10.15.1 to 10.15.6):

10.15.1 material adverse change in the financial situation of KCS or the Subsidiaries;

10.15.2 extraordinary damages or losses outside the ordinary course of business which exceed DM 500,000 in any individual case or DM 1,000,000 in the aggregate;

10.15.3 subject to the reservation provided in Section 10.19, 2nd paragraph, extraordinary termination of a contract having a material adverse effect on the business or the financial situation of KCS or any of the Subsidiaries;

10.15.4 transactions outside the ordinary course of business, in particular

(a) KCS and each of the Subsidiaries have not paid its creditors within the times agreed with them;

(b) no asset of a value or price in excess of DM 500,000 has been acquired or disposed of or agreed to be acquired or disposed of by KCS or any of the Subsidiaries, and no contract involving expenditure by KCS or any of the Subsidiaries in excess of DM 500,000 annually has been entered into by KCS or any of the Subsidiaries;

(c) no event has occurred which is likely to give rise to a tax liability to KCS or any of the Subsidiaries on deemed (as opposed to actual) income, profits or gains or which results in KCS or any of the Subsidiaries becoming liable to pay or bear a tax liability directly or primarily chargeable against or attributable to another person disregarding events within the ordinary course of business;

(d) no event has occurred which would entitle any third party (with or without the giving of notice) to call for the repayment of indebtedness of KCS or any of the Subsidiaries prior to its normal maturity date;

(e) KCS or any of the Subsidiaries has suffered any labor dispute and there are not pending or threatened labor disputes, strikes or work stoppages or slowdowns;

10.15.5 No monies have been withdrawn (entnommen) from KCS or RR-Leder. No dividend or other distribution of profits or assets has been declared, made or paid or agreed to be declared, made or paid by any Subsidiary with respect to profits generated since January 1, 1997;

10.15.6 KCS has not granted employees who have been hired since January 1, 1997 protection against termination in excess of statutory law; further, any such newly hired employees have not been granted a gross salary (excluding social security contributions) in excess of DM 100,000 (in words: Deutsche Mark one hundred thousand).

10.16 Taxes and Social Security Contributions

KCS and the Subsidiaries have filed all necessary tax returns in time and have paid all Taxes assessed by the competent authorities in the past when due. All social security contributions due and payable with respect to the period until the Closing Date have been paid or have been sufficiently provided for in the Final Financial Statements. "Taxes" shall mean any direct and/or indirect charges by the governmental authorities and/or any direct or indirect fiscal and/or financial public burdens (i.e., Zolle, Steuern, Abgaben, Gebuhren) on the respective company's business, respective company's assets and respective company's income.

10.17 Material Contracts

Subject to Section 12.2 Annex 10.17 includes a complete and correct list of all customers with which KCS or the Subsidiaries have a customer relationship as of the date when this Agreement is notarized and, further, a list of all contracts with third parties other than customers and suppliers (the "Material Contracts") with an annual value of DM 500,000 or an equivalent value in foreign currency or a total value of DM 1,000,000 or an equivalent value in foreign currency. The total value of a contract with an indefinite term shall be determined under the assumption that the contract will be terminated with effect to the next possible date by giving notice in accordance with the terms and provi-

sions of the relevant Material Contract. To the extent any of the Material Contracts have been concluded by KRC prior to January 1, 1997, the respective Material Contract has been effectively transferred to KCS prior to the notarization of this Agreement. All Material Contracts are in full force and effect. No counterparty to a Material Contract has threatened as of the date when this Agreement is notarized to terminate the Material Contract and no customer has threatened as of the date when this Agreement is notarized to terminate the existing customer relationship.

10.18 No Brokers and Finders

Except for Drueker & Co. whose fee shall be borne by Sellers in accordance with Section 21.1 Sellers have not retained the services of any broker or finder in connection with the transactions contemplated herein.

10.19 No further Warranties

Sellers do not give any explicit or implied warranty in respect of KCS, the Subsidiaries, EAS or JCA Mexico other than those given in Section 10.1 through Section 10.18. Purchaser has been given the opportunity to inspect the business of KCS and the Subsidiaries, and the condition of the assets which are owned by KCS.

For the avoidance of doubt nothing stated in Section 10.1 through Section 10.18 or in any other provision of this Agreement shall be construed to the effect that Sellers warrant the continuity of the relationships of KCS and the Subsidiaries to any of its customers beyond the date when this Agreement is notarized. Section 10.17 last sentence shall remain unaffected.

ARTICLE 11
REMEDIES

11.1 Upon written demand of Purchaser, Sellers will hold Purchaser, subject to the limitations provided in this Agreement, harmless from any damage Purchaser suffers as a result of any incorrect or incomplete warranty given by Sellers in Article 10 of this Agreement.

11.2 In case of a demand by Purchaser in accordance with Section 11.1 Sellers shall, at their option, either hold Purchaser harmless

11.2.1 by way of restitution in kind, i.e. by establishing the situation corresponding to the warranty or the provision which was breached, provided, however, that such restitution in kind does not interfere with the ordinary conduct of the business of KCS or, as the case may be, any Subsidiary, or

11.2.2 by way of payment of damages.

If Sellers elect to pay damages in accordance with Section 11.2.2 such damages shall be determined and calculated on the basis of the amount necessary to put Purchaser in the position it would have been in had the warranty been correct and complete.

In case of a breach of Section 10.8.1 the amount necessary to remediate the Environmental Damage and in case of a breach of Section 10.8.2 the amount necessary to hold KCS or any of the Subsidiaries harmless against any liability referred to in such Section shall be payable as damages. The aforementioned obligations of Sellers exist irrespective of whether or not any authority or other third party have required Purchaser to remediate the Environmental Damage or to take any actions which are described in Section 10.8.2.

Purchaser may not claim from Sellers damages for lost profit (entgangener Gewinn).

Damages will not be paid to the extent that Purchaser or any of its Affiliates (including KCS or any of the Subsidiaries) is entitled to receive payment under an insurance policy or indemnification from third parties. In addition, damages will not be paid to the extent any circumstances which may otherwise constitute a breach of a warranty are expressly reserved for or otherwise provided for in the Final Pro Forma Consolidated Closing Balance Sheet, or to the extent they are not reserved for or otherwise provided for in the Final Pro Forma Consolidated Closing Balance Sheet in accordance with the principles set forth in Annex 9.1 if the lack of such reserve or provision has been unsuccessfully raised by the Purchaser as an objection in accordance with Section 9.3.

11.3 Purchaser shall only be entitled to assert claims under this Article 11 if they exceed the amount of DM 50,000 in each individual case. This de minimis exception does not apply to claims referring to the same breach of warranty which are less than DM 50,000 (in words: Deutsche Mark fifty thousand) in an individual case, but

more than DM 50,000 in the aggregate provided that the circumstances on which any such claims are based are similar in nature. Purchaser shall furthermore only be entitled to assert claims once the aggregate amount of all claims asserted by Purchaser - de minimis claims of up to DM 50.000 only to be included in accordance with the foregoing provision - exceeds DM 300.000 (in words: Deutsche Mark three hundred thousand). In this case all claims including de minimis claims may be asserted in full provided, however, that the maximum amount for which Sellers may be held liable under this Agreement amounts to 40% (in words: fourty percent) of the Purchase Price.

11.4 In addition to Section 11.3 the following limitations apply to damages resulting from a breach of the warranties set forth in Section 10.6.1 and 10.6.2:

11.4.1 Any amounts resulting from an excess or a shortfall of the portion of the equity held by Sellers in KCS and/or any of the Subsidiaries with respect to the Sellers' Equity Amounts guaranteed in Section 10.6.1 shall be converted into DM at the currency rates stated in Annex 11.4.1 ("Final exchange rates per 31.12.1996") and subsequently set off against one another. If the resulting net amount is positive, Purchaser shall not be entitled to any damages, and Sellers shall not be entitled to demand an increase of the Purchase Price. If the net amount is negative, such amount shall be payable as damages. If Sellers claim damages under this Section 11.4.1 the equity shown in the KCS Opening Balance and/or the Subsidiaries' Balance Sheet and the consolidated equity in the Pro Forma Consolidated Opening Balance Sheet shall be adjusted accordingly for the purposes of adjusting the Purchase Price as provided for in Sections 9.9.1 and 9.9.2.

11.4.2 In case of a breach of the warranty given in Section 10.6.2 Purchaser shall only be entitled to damages if it is able to show that

(i) it has suffered a damage within the meaning of Section 249 German Civil Code et.seq., in particular that the disadvantages or detriments resulting from the increase in debt are not offset by benefits resulting from the acquisition of assets financed with such

additional debt (Vorteilsausgleichung); and

(ii) the damage resulting from such breach will not be remedied under any other provisions of this Agreement, in particular Section 9.9.2.

11.5 Purchaser is aware that Johnson Controls Holdings, Inc. as the other shareholder in JCA Mexico (cf. Section 2.3) and the other shareholders in KCS Trim and in KCS Sewing may acquire the shares held by the respective Seller in such company by virtue of exercising the preemptive right provided for it in the respective agreement. In case any of the shareholders in any of the aforementioned companies exercises its preemptive right and is entitled to exercise such preemptive right in accordance with applicable law, the damages which can be claimed by Purchaser against Sellers shall be equal and limited

(i) in respect of JCA Mexico to the amount of such part of the Purchase Price which is allocated to the sale of the shares in JCA Mexico in accordance with Section 7.2.7,

(ii) in respect of KCS Trim and in respect of KCS Sewing to the amount which the other shareholders must pay in connection with the exercise of the aforementioned preemptive right pursuant to the relevant joint venture agreement as of the date of the notarization of this Agreement.

Any amount owed by any of the shareholders in any of the aforementioned companies to KCS in connection with or as result of the exercise of the preemptive right shall be credited against the relevant aforementioned amount.

Any damage suffered by Purchaser in connection with the above shall not be included into the calculation of the maximum amount for which Sellers may be held liable under this Agreement in accordance with Section 11.3, last sentence.

11.6 If any competent antitrust authority interdicts the transfer of any of the Subsidiary Shares to Purchaser by a final and unappealable decision, the damages which Purchaser is entitled to claim shall be equal to and limited to the amount of the Purchase Price allocated to such Subsidiary Shares in Section 7.2. Such damages shall not be included into the calculation of the maximum amount for which Sellers may be held liable

under this Agreement in accordance with Section 11.3, last sentence.

11.7 With respect to circumstances which are known to Purchaser at the date on which this Agreement is notarized, all claims shall be excluded. The contents of all documents which were available for inspection in the data room of KCS in Kaiserslautern as well as all documents passed on to Purchaser, its representatives and its advisors in form of a CD-Rom or otherwise are deemed to be known to Purchaser. Purchaser was given the opportunity to inspect such documents. The list of documents which were available for inspection in the data room and on the CD-Rom as well as a list of all other documents which are deemed to be known to Purchaser are attached to this Agreement as Annex 11.6. In addition to the documents forming part of Annex 11.6, the two letters from Dorbyl Ltd. both dated May 9, 1997, the letter of Automotive Leather Company Rosslyn sent on May 5, 1997 (all of which letters were sent to Mr. Konstantinou) as well as the list of documents attached as Exhibit I to this agreement are deemed to be known by the purchaser. At the date of execution of this Purchase Agreement Purchaser is not aware of any matter or event which would give rise to a claim because of a breach of warranty or untrue representation of Sellers.

11.8 To the extent that representations and warranties are qualified by reference to the best of Sellers' knowledge, exclusively the Knowledge of Mr. Ulrich Putsch and G. Konstantinou, and the Knowledge of the following persons, however, limited to the area of competence specified in each case in the parenthesis shall be attributed to the respective Seller: Dr. Karl-Heinz Nattland (Finance), Dr. Volkmar Schneider (Legal and Insurance), A. Schwarz (KCS Hungary), H.-S. Bull (Personnel), H. Roschmann (Sourcing and Inventory), K. Ackermann (Distribution and Marketing), J. Walerowski (Controlling/Finance), KuBmann (Research and Development), J. Kratzmann (Plant Bremen), F. Duck (Plant Besigheim). "Knowledge" shall mean all circumstances which Sellers know or should have known after due inquiry.

11.9 Sellers shall be jointly and severally liable for all claims of Purchaser arising under this Agreement. Sellers can be held liable exclusively for breaches of any obligation, warranty or undertaking contained or given in this Agreement and, to the extent explicitly provided for in this Agreement, exclusively in accordance with the provisions of this Agreement. Any other claims in accordance with statutory law and claims based upon precontractual duties including, without limitation, claims for rescission (Wandelung), reduction of the Purchase Price (Miderung) as well as claims based on torts (unerlaubte Handlung) or precontractual liability (culpa in contrahendo) are excluded, unless

they are based on wilful (vorsatzlich) misconduct of Sellers.

11.10 The statute of limitations (Verjahrung) for claims under this Article 11 shall run as follows:

11.10.1 claims for legal defects within the meaning of Section 434 German Civil Code (BGB) relating to the Sold Interests shall be barred (verjahrt) 10 years from the date of signing of this Agreement;

11.10.2 claims with respect to a breach of the warranty stated in Section 10.16 (Taxes and Social Security Contributions) or based on the indemnity given in Section 13.2 shall be barred after a period of six months beginning with the date on which the relevant assessment of Taxes becomes final and unappealable;

11.10.3 claims with respect to a breach of the warranty stated in Section 10.8 (Environmental Law) shall be barred six months after the Closing Date;

11.10.4 claims with respect to a breach of the warranty stated in Section 10.11 (Product Liability) shall be barred five years after the Closing Date;

11.10.5 all other claims shall be barred on May 31, 1999;

11.10.6 the statute of limitations shall be interrupted (unterbrochen) or extended (gehemmt) in accordance with the applicable provisions of German law. If Purchaser notifies Sellers in accordance with Section 23.6, the statute of limitations applicable to the respective claim in accordance with Sections 11.10.1 - 11.10.4 shall not continue to run until a period of six months has expired beginning with the date when Sellers have received the notification.

ARTICLE 12
UNDERTAKINGS OF SELLERS AND PURCHASER

12.1 Subject to applicable statutory and contractual provisions Sellers undertake to ensure that the businesses of

KCS and of the Subsidiaries will be continued in the normal course of business during the period between the date when this Agreement is signed and the Closing Date, and that Purchaser has appropriate access to the management of KCS and the Subsidiaries during this period of time.

12.2 Sellers undertake that, during the period between the date when the Agreement is signed and the Closing Date, without the prior consent of Purchaser which shall, however, not unreasonably be withheld:

12.2.1 None of the Subsidiaries shall (i) declare any dividend or make any distribution with respect to its capital stock or (ii) sell, lease, transfer, encumber or dispose of any of its properties or assets, otherwise than in the ordinary course of business;

12.2.2 neither KCS nor any Subsidiary shall enter into joint venture, partnership or other similar agreements;

12.2.3 neither KCS nor any Subsidiary shall (i) enter into an agreement with a term of more than three years and with a value of more than DM 1 Mio. or (ii) change, amend, terminate or otherwise modify any material contract with a value of more than DM 10 Mio.;

12.2.4 neither the Sellers themselves nor KCS nor any of the Subsidiaries shall take any action which would not allow Sellers to make a representation set forth in Article 10 at the Closing Date.

12.3 Sellers undertake to have KRV transfer the employment contract of the person listed in Annex 12.3 to KCS with effect as from the Closing Date together with all rights and obligations outstanding thereunder as of the Closing Date; Purchaser hereby agrees to such transfer.

12.4 Sellers undertake to submit to Purchaser on the Closing Date a status report specifying which of the subsidiaries referred to in Section 2.1.1 to 2.1.4 have been transferred to KCS and, with respect to those which have not yet been transferred, specifying the actions which still have to be taken. Sellers undertake to take all actions necessary to complete such transfers.

12.5 Sellers and their Affiliates will not reclaim tools of which they are the owner but which were leased to KCS Italy by giving less than six months' notice to the end

of twelve months after the Closing Date, unless KCS Italy increases the prices charged to Sellers or any of their Affiliates for products manufactured with the help of such tools or unless KCS Italy repeatedly supplies to Sellers or their Affiliates products which do not meet the standards customary in the market. In the event that the tools are still needed for the manufacturing of products sold by KCS Italy they may only be reclaimed if KCS Italy is offered the supply of the components which it used to manufacture with the help of the tools on terms and conditions then prevailing in the market.

12.6 Purchaser undertakes to terminate the subcontract with RECARO GmbH & Co., Kirchheim, ("REC") regarding the manufacturing of the seats for the 986, 996 Porsche models in REC's plant in Kirchheim only with six months' notice and not effective prior to April 1, 1998. During the term of the subcontract REC and KCS shall have reasonable access to all data and information which are relevant for the performance of the subcontract and are in the possession or known only to either of them.

12.7 Purchaser undertakes neither to move the registered office of KCS from Bremen to Kaiserslautern nor to set up any office of a company or a division which has "KEIPER" in its name in Kaiserslautern or within 70 (seventy) kilometers of the city limits of Kaiserslautern for a period of five years beginning with the Closing Date provided, however, that

12.7.1 Purchaser is granted a period of six months beginning with the Closing Date to have KCS's employees currently working in the technical center of KCS in Kaiserslautern move to new office premises in Kaiserslautern if Purchaser elects to set up an office under a name not containing "KEIPER" in Kaiserslautern;

12.7.2 Purchaser is granted a period of one year beginning with the Closing Date to have KCS's employees currently working in the technical center of KCS in Kaiserslautern move to new office premises if Purchaser elects to set up an office under a name containing "KEIPER" in an area more than 70 (seventy) kilometers off the city limits of Kaiserslautern.

12.8 Purchaser undertakes that either Purchaser itself or, as the case may be, its nominee assumes all rights and obligations under the stock purchase agreement with JCA Mexico.

12.9 Purchaser undertakes to take all actions required or useful to have the name "RECARO" removed from the name of KCS Hungary and KCS Italy, unless such name change has already been effected as of the Closing Date.

12.10 Purchaser undertakes to cause KCS and any of the Subsidiaries not to distribute without a licence any product under the trademark "RECARO" or "KEIPER" after the Closing Date, unless compliance with this undertaking would require the modification or substitution of any tools used in the production of KCS or any of the Subsidiaries in which case a grace period of six months will be granted.

12.11 Purchaser shall grant Sellers and KRE free of charge for the time period until the Closing Date all reasonable support which is required to manage the business of EAS if such support is necessary and requested by Sellers.

12.12 For a period of five years from the Closing Date KRC shall fill orders from KCS for the supply of products of the kind offered by KRC to its customers subject to KRC's production capacity for prices to be negotiated between KRC and KCS from time to time. However, KRC shall not arbitrarily (willkurlich) increase prices or arbitrarily refuse to supply any products ordered by KCS.

12.13 Purchaser undertakes to procure insurance for product liability risks arising in respect of products manufactured after the Closing Date. Sellers shall have the right to inspect Purchaser's insurance policy. If Sellers should come to the conclusion that the insurance policy does not provide for sufficient protection in respect of products manufactured through the Closing Date Sellers and Purchaser shall cooperate in good faith enabling Sellers to take out insurance for such time period at their cost at a premium which is as low as reasonably possible; this includes the transfer of Sellers' existing insurance to Purchaser against reimbursement of premiums payable under the insurance policy transferred.

ARTICLE 13
TAX AUDITS AND TAX INDEMNITY

13.1 Sellers and their auditors are entitled to participate in tax audits of KCS and the Subsidiaries, to the extent that such tax audits refer to fiscal years through December 31, 1997. Purchaser will inform Sellers duly in advance of any tax audits of the aforementioned kind. Purchaser shall assist Sellers in filing remedies (Einspruch) with the tax authorities or in filing an action against the tax authorities in the tax court (Finanzgericht) in respect of tax assessments (Steuerbescheide) referring to fiscal years through December 31, 1996 and the period thereafter until the Closing Date. Sellers will pay the costs and expenses accruing in connection with remedies and actions of the aforementioned kind. Sellers shall make available to Purchaser all documents or information which Purchaser reasonably requires in order to file remedies with the tax authorities or to file an action against the tax authorities in the tax court in respect of tax assessments referring to periods after the Closing Date.

13.2 In the event that Taxes including any interest or penalties become due for and payable by KCS or any Subsidiary for fiscal years through December 31, 1996 which have not been sufficiently provided for in the Final Subsidiaries' Balance Sheets and/or in the Final Pro Forma Consolidated Opening Balance Sheet Sellers shall indemnify KCS and the relevant Subsidiary therefor, however, where KCS does not hold 100% in any Subsidiary, limited to the percentage held by KCS; the same shall apply to any Taxes becoming due for and payable by KCS or any Subsidiary for the period from January 1, 1997 up to the Closing Date to the extent that such tax payment were not provided for in the Final Pro Forma Consolidated Closing Balance Sheet.

For the avoidance of doubt it is hereby agreed that the provisions of Section 11.3 shall not apply to claims under this Section 13.2.

ARTICLE 14
INFORMATION, CONDUCT OF PROCEEDINGS,
ACCESS TO FILES

14.1 Purchaser shall ensure that Sellers will be promptly and fully notified of any claim of Purchaser under this Agreement. A failure to notify Sellers of such claim does not affect Purchaser's right to damages to the extent that the damage has not increased due to such

failure. Purchaser shall make available to Sellers copies of all relevant documents which Sellers may reasonably request in order to defend themselves against such claim. Without Sellers' prior consent which shall not be unreasonably withheld Purchaser may not enter into a settlement (Vergleich), waiver (Verzicht) or acknowledgement (Anerkenntnis) as a result of which Purchaser would be entitled to indemnification under Article 11.

14.2 Purchaser shall ensure that Sellers are granted in accordance with their reasonable request access to all files, documents and information useful in the context of

14.2.1 the defence against potential claims of Purchaser against Sellers under this Agreement, or

14.2.2 tax assessments against Sellers or any person or entity holding an interest in any of the Sellers, or

14.2.3 other documents and information which are otherwise reasonably required by Sellers.

ARTICLE 15
INDEMNIFICATION IN CASE OF PERSONAL LIABILITY OF KRC

15.1 Purchaser undertakes that it will not take any action which may result in a revival of personal liability of KRC for obligations of KCS pursuant to Section 172 (4) of the German Commercial Code (HGB).

15.2 Purchaser will indemnify and hold harmless KRC or its partners from and against any damage and any expenses (including legal costs and expenses) which any of them may incur as a result of a personal liability which has arisen due to actions referred to in Section 15.1.

ARTICLE 16
COVENANT NOT TO COMPETE

16.1 Basic Rule. For a period of five (5) years commencing as of the Closing Date (the "Non-Compete Period"), Sellers and their Affiliates shall not compete, either directly or indirectly, with KCS, the Subsidiaries, EAS or any of their respective successors in the rendering of research and development services for third parties, production,

and supply of complete seats for the original equipment of non-commercial vehicles (PKW) in the respective geographical markets in which the production and distribution activities of KCS, the Subsidiaries and EAS are conducted as of the Closing Date. This basic rule shall not apply to the extent Section 16.2 through 16.7 provides for an exception.

16.2 Recaro Seats. Sellers and their Affiliates shall be permitted to develop, produce and supply complete vehicle seats bearing exclusively the RECARO trademark or characterized by typical RECARO styling elements so that the end user identifies the seat as a RECARO seat (such seats hereinafter referred to as "RECARO Seats"), provided that such RECARO Seats are not used for Non-Qualifying Vehicles produced by original equipment manufacturers ("OEMs") for which Section 16.3 shall apply. "Non-Qualifying Vehicles" shall mean all vehicle models and their respective first successor model (i) set forth in Annex 16.3.1 and, in addition thereto, the BMW E53 (SVW), the Ford Mondeo, the SAAB 640 (9.5) and the Volvo P066 (C90) and P2X (VNS 90) for which Purchaser or any of its Affiliates (excluding KCS, the Subsidiaries, EAS and JCA Mexico) supplies or is contracted to supply as of the Closing Date standard seating equipment in the geographical markets of Western Europe (including, without limitation, the Czech Republic and Poland) and (ii) for which KCS or any of its Subsidiaries or EAS supplies or is contracted to supply as of the Closing Date standard seating equipment in the geographical markets in which the production and distribution activities of KCS, the Subsidiaries and EAS are conducted; the car models supplied by KCS as of the Closing Date are set forth in Annex 16.3.2.

16.3 Non-Qualifying Vehicles. For each OEM, Sellers and their Affiliates shall be permitted to develop, produce and supply RECARO Seats for Non-Qualifying Vehicles up to an annual number equal to the Annual Allowance (as defined below) for such OEM. If, during any 12 month period beginning on the Closing Date, Sellers or any of their Affiliates supply RECARO Seats for Non-Qualifying Vehicles in a number which exceeds the Annual Allowance for any OEM (the "Excess RECARO Seats"), Sellers jointly and severally shall pay Purchaser for each Excess RECARO Seat, an amount equal to 80% of the incremental profit on such Excess RECARO Seat that Sellers or any of their Affiliates are entitled to receive in accordance with the applicable supply contract for the Non-Qualifying Vehicle. For the purposes of this paragraph, "incremental profit" is defined as Sellers' or their Affiliates' average earnings before taxes per RECARO Seat multiplied by the number of Excess RECARO Seats.

For each OEM (other than Porsche), the "Annual Allowance" shall be the higher of (i) the number of RECARO Seats supplied by Sellers and their Affiliates (not including KCS, the Subsidiaries, EAS and JCA Mexico) for Non-Qualifying Vehicles manufactured by such OEM during the last 12 months prior to the Closing Date and (ii) the number of RECARO Seats for which Sellers or their Affiliates (not including KCS, the Subsidiaries, EAS and JCA Mexico) have a contract to supply RECARO Seats for Non-Qualifying Vehicles to be manufactured by such OEM during the 12 months commencing on the Closing Date, provided that if no specific amount of RECARO Seats is specified pursuant to a contract referred to in this clause (ii), then the Annual Allowance shall be the number of RECARO Seats supplied under the relevant supply contract within twelve months following the Closing Date; the alternative provided in (ii) shall, however, only be available to the extent it does not lead to a supply of RECARO Seats for Non-Qualifying Vehicles in respect of all OEMs which exceeds the total number of all RECARO Seats supplied to all OEMs for Non-Qualifying Vehicles during the last 12 months prior to the Closing Date by more than 20% (the "120% Rule"). The Annual Allowance for Porsche shall be 4,000. Sellers shall notify Purchaser on a quarterly basis of the number of RECARO Seats supplied in accordance with Section 16.3 and shall have the burden of proving that such sales are not in excess of the Annual Allowance. Unless the 120% Rule provides otherwise, the Annual Allowance is specific for each OEM and cannot be transferred among OEMs.

RECARO Seats supplied as follows shall not count towards the Annual Allowance:

16.3.1 RECARO Seats supplied by Sellers or their Affiliates which have been manufactured by Purchaser or its Affiliates (including KCS, the Subsidiaries, EAS and JCA Mexico) on behalf of Sellers or their Affiliates; or

16.3.2 RECARO Seats supplied as optional seating equipment ("Sonderausstattung") provided, however, that none of the following alternatives is applicable: (1) An OEM offers the RECARO Seats as optional seating equipment together with other optional car equipment as part of a package at a reduced price; (2) the number of cars of a certain car model sold by an OEM vehicle manufacturer with the optional seating equipment exceeds during any period of six calendar months the number of cars of that certain car model sold with the standard seating equipment; (3) an OEM offers a car model with a standard

equipment which includes RECARO Seats at a fixed price and grants the customer the option to reduce the fixed price by choosing a seating equipment which is cheaper than the RECARO seats ("delete-option").

After 42 months from Closing Date, Sellers and their Affiliates shall be entitled to develop, produce and supply an unlimited amount of RECARO Seats for the Non-Qualifying Vehicles set forth on Annex 16.2.1; the term of the Non-Compete Period provided in Section 16.1 shall be modified thereby.

16.4 Hardware Seat Structures. For the term of the Non-Compete Period, Sellers and their Affiliates shall not develop, produce or supply either directly or indirectly, hardware structures to be incorporated in non-commercial vehicle seats (Sitzstrukturen) which were specifically designed for non-commercial vehicle seats sold by KCS or its Subsidiaries or structures with similar features ("SEAT STRUCTURES") to competitors of KCS, its Subsidiaries or their respective successors, if such Seat Structures will be incorporated into seats to be offered or sold by that competitor to any OEM vehicle manufacturer for installation in the same vehicle model or its first successor model which constitutes the subject matter of a supply relationship already existing or agreed upon in a contract with KCS or its Subsidiaries as of the Closing Date of this Purchase Agreement (such supply relationship is hereinafter referred to as the "KCS CLOSING SUPPLY RELATIONSHIP") or, in the case of the first successor model, of a future supply relationship (such future supply relationship is hereinafter referred to as the "KCS SUCCESSOR SUPPLY RELATIONSHIP" or together with the KCS Closing Supply Relationship the "KCS SUPPLY RELATIONSHIP"), provided, however, that Sellers and their Affiliates may supply to competitors Seat Structures to be incorporated into seats of models,

(i) with respect to which the KCS Supply Relationship has been terminated or a notice of termination has been given by the respective OEM vehicle manufacturer; or

(ii) which are manufactured at a production facility of the respective OEM vehicle manufacturer which is not the subject matter of a KCS Supply Relationship.

Moreover, Sellers and their Affiliates as suppliers of Seat Structures agree, for the term of the Non-Compete Period, not to participate, either directly or indirectly, in the bidding of any competitor of KCS, its Subsidiaries or any of their respective successors for the supply of seats to an OEM vehicle manufacturer when such bid shall be submitted in competition for award of any KCS Successor Supply Relationship if KCS or any of its Subsidiaries is participating in such bidding.

Sellers and their Affiliates shall not be bound by the restrictions of this Section 16.4 if they are specifically and in writing requested by any OEM vehicle manufacturer which is a party to a KCS Supply Relationship and a customer of Sellers or any of their Affiliates

(i) to supply Seat Structures for vehicle models which are the subject matter of a KCS Supply Relationship; or

(ii) to participate in a bidding of any competitor for a KCS Successor Supply Relationship.

(iii) However, should Sellers or any of their Affiliates so supply Seat Structures in competition for any KCS Supply Relationship, it will pay Purchaser 80% of the incremental profit Sellers or any of their Affiliates receive in accordance with the relevant supply contract. The incremental profit shall be equal to Sellers' or their Affiliates' average earnings before taxes per Seat Structure supplied multiplied by the Seat Structures supplied in accordance with (i) and (ii) above.

Nothing contained in this Section 16.4 shall prevent Sellers and their Affiliates from or limit them in supplying Seat Structures to the Sindelfingen plant of Daimler Benz at Sindelfingen, regardless of whether this plant is operated by Daimler Benz or by any other party.

16.5 Research and Development. Sellers and their Affiliates may develop vehicle seats for production, distribution and sale and may transfer or grant any rights, including but not limited to the grant of licenses to patents and know-how resulting from such research and development activities, provided that

16.5.1 Sellers and their Affiliates shall not engage, either directly or indirectly, in any development activities with competitors of KCS, its

Subsidiaries or any of their respective successors during the Non-Compete Period, if the seat product in question is to be installed in the models which constitute the subject matter of a KCS Supply Relationship.

16.5.2 For the term of the Non-Compete Period, Sellers and their Affiliates shall not, directly or indirectly, solicit offers for, nor shall they bid to provide any research and development services for competitors of KCS, its Subsidiaries or their respective successors, if the development services in question will be utilized for the purpose of competing for the award of the KCS Successor Supply Relationship.

16.5.3 Sections 16.5.1 and 16.5.2 shall not apply if Sellers or any of their Affiliates are specifically and in writing requested by any OEM which is party to a KCS Supply Relationship and a customer of Sellers or any of their Affiliates

(i) to engage in development activities prohibited under Section 16.5.1 or

(ii) to solicit offers or bid for contracts to provide research and development services excluded under Section 16.5.2.

(iii) However, should Sellers or any of their Affiliates so provide research and development services in competition for any KCS Supply Relationship, they will pay Purchaser 80% of the incremental profit Sellers or any of their Affiliates receive in accordance with the relevant research and development contract. The incremental profit shall be equal to Sellers' or their Affiliates' average earnings before taxes per research and development contract entered into in accordance with (i) and (ii) above.

16.6 Notwithstanding the terms of this covenant not to compete, KRB may continue to manufacture under the agreement attached as Annex 19.5 the complete seats for the VW Santana, complete seats for the Mercedes-Benz trucks and complete seats for the Fiat Tempra.

16.7 It shall not constitute a violation of this covenant not to compete, if within the context of an acquisition of an undertaking or group of undertakings, a business is acquired by any of Sellers or any of their Affiliates which operates in the product and geographical market described in Section 16.1 above, provided, however, that (i) the gross sales of such acquired business in the last preceding fiscal year amounted to no more than 10% of the total gross sales of the undertaking or group of undertakings acquired, and (ii) during the term of the Non-Compete Period the gross sales deriving from all acquired businesses, including any internal expansion does not exceed DM 25 million in the aggregate.

16.8 During the Non-Compete Period,

(i) neither Sellers nor any of their Affiliates will solicit to hire any employee of Purchaser or its Affiliates, including any employee of KCS or any of the Subsidiaries without the express written consent of Purchaser;

(ii) neither Purchaser nor any of its Affiliates will solicit to hire any employee of Sellers or their Affiliates without the express written consent of Sellers.

Article 17
Merger Control Proceedings

17.1 The sale of the Sold Interests pursuant to Section 3.1 (the "Notified Transaction") is subject to a pre-merger notification to the Commission. KV, KRC and Purchaser shall cooperate and provide each other with all necessary assistance to comply with this requirement.

17.2 The notification shall be filed jointly by KV, KRC and Purchaser. KRC and KV on the one hand and Purchaser on the other hand shall keep each other fully informed of all contacts which they may have with the Commission in the context of this transaction.

Article 18
Intellectual Property Rights

18.1 KRC hereby assigns and transfers the patents set forth in Annex 18.1.1 and Annex 18.1.2 to KCS effective as of the Closing Date together with all patents granted to

KRC or applied for by KRC in other jurisdictions which have the same subject matter as the patents set forth in Annex 18.1.1 and Annex 18.1.2. The patents set forth in Annex 18.1.2 shall be licensed back to KRC in accordance with the Grant Back Licence Agreement attached as Annex 18.1.3. KRC undertakes to take all actions necessary to have the patents registered in the name of KCS. Purchaser shall bear the cost of such registration.

18.2 KRC shall hand over to KCS the complete files of all transferred patents and/or patent application as well as all documents, certificates, grants and other papers relating to the transferred patents and all relevant correspondence and other vouchers including renewal certificates and the like relevant to the transferred patents promptly after the transfer of the patents has become effective. KRC shall render KCS technical assistance to the extent to which such assistance is necessary in order to enable KCS to make proper use of the patents transferred in accordance with Section 18.1 above. For such purpose, KRC shall make available, within a reasonable time frame and in a reasonable number, qualified personnel to KCS if so requested by KCS. All costs arising in connection with the technical assistance shall be borne by KCS.

ARTICLE 19
ANCILLARY AGREEMENTS

Sellers undertake that prior to the Closing Date

19.1 KRC and KCS sign the Grant Back Licence Agreement attached as Annex 18.1.3;

19.2 KRC and KCS sign the Framework Services Supply Agreement in the Areas of Research and Development attached as Annex 19.2;

19.3 KRB and KCS Brazil sign the Service Agreement attached as Annex 19.4;

19.4 KRB and KCS Brazil sign the Royalty Agreement attached as Annex 19.5.

19.5 KCS Brazil and AUTO COMERCIO E INDUSTRIA ACIL LTDA sign the Supply Agreement attached as Annex 19.6.

Purchaser hereby irrevocably grants its consent to the signing of the aforementioned agreements. The Agreements referred to in Section 19.3 thru 19.5 shall be signed in the Portuguese language. Prior to the notarization of this

Agreement, KRV and KCS signed a Service Agreement dated March 3, 1997 providing that KRV shall render certain services specified therein to KCS which is attached as Annex 19.3.

ARTICLE 20
ASSIGNMENT

Neither any of the Sellers nor Purchaser are entitled to transfer rights or obligations arising under this Agreement to a third party without the consent of the other contracting parties, except that Purchaser may assign this Agreement or any rights or obligations thereunder to any entity affiliated with it within the meaning of Article 15 German Stock Corporation Act (Aktiengest) provided that Purchaser shall continue to be jointly and severally liable for any obligation under this Agreement after the assignment.

ARTICLE 21
TAXES AND COSTS

21.1 Each party shall bear its own costs and expenses which it incurs in connection with the preparation, execution and implementation of this Agreement including, without limitation, all fees and expenses of their respective advisers.

21.2 Taxes on income, profits and capital gains which may be assessed against Sellers or the partners of PKG or Purchaser in connection with this Agreement shall be borne by the respective debtor in accordance with applicable tax laws.

21.3 All other taxes and costs in connection with the preparation, execution and implementation of this Agreement including, without limitation, notarial fees, public registration fees and fees in connection with the clearance of the transactions contemplated herein with the competent antitrust authority as well as real property transfer tax (Grunderwerbsteuer) and other transfer taxes, if any, shall be borne by Purchaser.

ARTICLE 22
CONFIDENTIALITY

22.1 The parties to this Agreement agree to keep confidential this Agreement or any provisions thereof and not to disclose it to third parties (including, without limitation, the press, customers, suppliers or other persons or companies in the market), except as far as they are

obliged by law or applicable stock exchange regulations to disclose and give notice of the same to any governmental or administrative authority or otherwise. They will use their best efforts even in such case to ensure that, notwithstanding such mandatory disclosure and notice, confidentiality shall be maintained to the maximum extent practicable.

22.2 The parties to this Agreement will mutually agree upon the language of an official press release and additional information to be released to the press, customers and the business community relating to the transactions contemplated by this Agreement.

22.3 Sellers agree to keep confidential and not to disclose to any third party any business, trade, or technical secret or other non public information concerning the business of KCS and the Subsidiaries or non public information concerning the Purchaser and its Affiliates made available to them prior to the Closing Date.

ARTICLE 23
MISCELLANEOUS

23.1 This Agreement is subject to and shall be construed in accordance with the laws of the Federal Republic of Germany.

23.2 All disputes other than those referred to in Article 9 arising under or in connection with this Agreement shall be finally decided by an arbitration tribunal. For this parties shall execute on the Date when this Agreement is notarized a separate Arbitration Agreement.

23.3 All amendments to this Agreement, including, without limitation, a change of this clause itself, must be made in writing and with the express reference to this Agreement, unless notarisation or any other form is required.

23.4 Purchaser waives all rights and claims it might have against Drueker & Co. GmbH, Frankfurt am Main, or any of its officers or employees or Sellers' auditors' or legal counsel or other consultants who acted as advisors to Sellers (collectively referred to as the "Advisors") resulting from or in connection with the transactions contemplated by this Agreement except for claims based on wilful misconduct. This waiver vests rights in the Advisors as third party beneficiaries ("Vertrag zugunsten Dritter" within the meaning of Section 328 German Civil Code).

23.5 Save as provided for in Section 23.4 this Agreement shall not vest any rights in third parties.

23.6 All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by facsimile transmission (with delivery confirmed and hard copy sent), sent by overnight courier (with delivery confirmed) or mailed registered or certified mail, postage prepaid

- if to Sellers, to:

KEIPER RECARO Verwaltungsgesellschaft mit
beschrankter Haftung
Managing Director Finance
Dr. Karl-Heinz Nattland
Buchelstrasse 54 - 58
42855 Remscheid

Telefax: 02191 - 144 440

with a required copy to:

Hengeler Mueller Weitzel Wirtz
Dr. Peter Weyland
Bockenheimer LandstraBe 51
60325 Frankfurt am Main
Germany

Telefax: 069-725773

- if to Purchaser or LEAR, to:

LEAR Corporation GmbH & Co. KG
c/o LEAR Corporation
Joseph F. McCarthy
21557 Telegraph Road,
Southfield, Michigan 48034

Telefax: 001-810 746 1677

with required copy to:

Schurmane & Faylor
Folian A. Faylor or
Dr. Werner Mielke, LL.M.
Postfach 11 16 33
Friedrich-Ebert-Anlage 2-14
60325 Frankfurt am Main

Telefax: 069-741-1610

Winston & Strawn
Mr. John L. MacCarthy
35 West Wacker Drive
Chicago, Illinois 60601
USA

Telefax: 001-312-558-5700
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or to such other addresses as may hereafter be furnished by any party to the other.

23.7 If any of the provisions of this Agreement be or become invalid or unenforceable (nichtig oder unwirksam), all other provisions hereof shall remain in full force and effect. The invalid or unenforceable provision shall be deemed to be automatically amended and replaced without the necessity of further action by the parties hereto by such valid and enforceable provision that shall accomplish as far as possible the commercial purpose and intent of the invalid or unenforceable provision. The aforesaid shall apply mutatis mutandis should this Agreement be incomplete.

If any agreement entered into in connection with this Purchase Agreement including, without limitation, the ancillary agreements referred to in Article 19 be or become invalid or unenforceable in whole or in part, this Agreement shall remain in full force and effect.