FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
/x/ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended DECEMBER 31, 1994.

/ / Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

COMMISSION FILE NUMBER: 1-11311

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

DELAWARE	13-3386776
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
21557 TELEGRAPH ROAD, SOUTHFIELD, MI	48034
(Address of principal executive offices)	(zip code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (810) 746-1500

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $.01 PER SHARE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 15, 1995, the aggregate market value of the registrant's Common Stock, par value $.01 per share, held by non-affiliates of the registrant was $242,185,308. The closing price of the Common Stock on February 15, 1995 as reported on the New York Stock Exchange was $17.25.

As of February 15, 1995, the number of shares outstanding of the registrant's Common Stock was 46,078,048 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 5, 1995, as described in the Cross-Reference Sheet and a Table of Contents included herewith, are incorporated by reference into Part III of this Report.

CROSS REFERENCE SHEET
AND
TABLE OF CONTENTS

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(1) Certain information is incorporated by reference, as indicated below, from the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 5, 1995 (the "Proxy Statement").

(2) Proxy Statement section entitled "Election of Directors" and "Management."

(3) Proxy Statement section entitled "Executive Compensation."

(4) Proxy Statement section entitled "Record Date, Outstanding Shares, Required Vote and Holdings of Certain Stockholders -- Security Ownership of Certain Beneficial Owners and Management."

(5) Proxy Statement section entitled "Certain Transactions."

PART I

ITEM 1 - BUSINESS

As used in this report, unless the context otherwise requires, the "Company" or "Lear" refers to Lear Seating Corporation and its consolidated subsidiaries after giving effect to the Merger (as defined herein).

GENERAL

Lear Seating Corporation is the largest independent supplier of automotive seat systems in the world. The Company employs approximately 25,000 people in 17 countries and operates 79 manufacturing, research, design, engineering, testing and administration facilities. The Company's principal products include finished automobile and light truck seat systems, automobile and light truck seat frames, seat covers and other seat components. The Company's seat systems, which are designed, manufactured and assembled at the Company's manufacturing facilities, are shipped to customer assembly plants on a just-in-time ("JIT") basis. This JIT process enables the Company to optimize inventory turnover and deliver products to its customers on as little as 90 minutes notice. The Company has taken the JIT concept to a higher level with Sequential Parts Delivery ("SPD"). SPD not only delivers the seat systems to the customers on a JIT basis, but also permits delivery in the precise color and trim sequence. In the year ended December 31, 1994, approximately 76% of Lear's net sales were generated from sales in the United States and Canada, with the balance of sales being primarily in Europe and Mexico. The Company's present customers include 17 original equipment manufacturers ("OEMs"), the most significant of which are Ford, General Motors, Fiat, Chrysler, Volvo, Volkswagen, Saab and Mazda.

The Company's net sales have grown rapidly from approximately $159.8 million in the fiscal year ended June 30, 1983 to approximately $3.1 billion in the year ended December 31, 1994, an average compound annual growth rate of approximately 31%. This growth in sales is attributable primarily to the trend in the automotive industry to "outsource" more of its requirements for automotive components, particularly high cost components such as seat systems. The Company has expanded its operations to facilitate such growth through capital expenditures necessary to construct or acquire new facilities and to enhance existing facilities, as well as through acquisitions.

Outsourcing has increased in response to competitive pressures on OEMs to improve quality and reduce capital needs and the costs of labor, overhead and inventory. The outsourced market for automobile and light truck seat systems in North America is approximately 70% of the total North American seat systems market of $6.8 billion. In 1994, the Company held a leading 37% of the North American outsourced market and 27% of the total market. The 1994 European automotive seating market was an estimated $4.5 billion, of which approximately 53% was outsourced. As a result of the Company's acquisition in December 1994 of the Fiat Seat Business (as defined herein), the Company became the market leader in Europe with a 33% share of the outsourced market and 18% of the total market. See "Business -- FSB Acquisition."

The Company is also the largest supplier of seat systems and seat components in Mexico. The Company believes that it is well positioned to take advantage of the growing activities of United States-based and German-based OEMs, in this geographic segment as well as take advantage of opportunities that result from the North American Free Trade Agreement.

In addition to outsourcing the production of seat systems, OEMs increasingly are transferring the primary responsibility for design, engineering and quality control of these products to suppliers, such as Lear, with proven design, engineering and JIT program management and manufacturing capabilities. Suppliers that design, engineer, manufacture and conduct quality control testing are generally referred to as "Tier I" suppliers. The Company believes that early involvement in the design and engineering of new seating products as a Tier I supplier affords the Company a

competitive advantage in securing new business and provides its customers with significant cost reduction opportunities through the coordination of the design, development and manufacturing processes. See "Business - Business Strategy."

The Company has enhanced its design and engineering capabilities with two technical centers and other investments to upgrade its capabilities. The Company is continuing this process of investing to substantially improve all aspects of its safety and functional testing and comfort assessment capabilities. An example of the Company's design and engineering capabilities is the development of the Company's patented SureBond process, which bonds seat covers to foam pads, minimizing the need for sewing. "See Business - Manufacturing." The Company believes its enhanced design and engineering capabilities have contributed to the increase in the Company's North American content per vehicle from $12 in 1983 to $169 in 1994. In Europe, the Company's content per vehicle has grown from $3 in 1983 to $80 in 1994 after giving effect of the FSB acquisition.

The Company's continued expansion as a Tier I supplier has resulted in the Company beginning nine new seat programs in 1994 including programs for Ford, General Motors, Chrysler, Jaguar and BMW. This new business, combined with the full integration of the November 1993 acquisition of Ford's North American Seat and Seat Cover Business ("NAB"), contributed significantly to the Company's overall growth. New programs awarded to the Company in 1994 for business in Europe, South America, Australia and Indonesia, combined with existing programs are expected to result in approximately $800 million in incremental annual new business through 1998. As a result of this new business, the Company expects to construct several new seat systems facilities, which typically involve an upfront cost of between $6.0 million and $9.0 million per facility for owned facilities and between $1.0 million and $6.0 million per facility for leased facilities.

The Company is the successor to a seat frame manufacturing business founded in 1917 that served as a supplier to General Motors and Ford from its inception. Lear Holdings Corporation ("Holdings"), the former parent of the Company, was organized in August 1988 to effect the acquisition (the "1988 Acquisition") of all of the outstanding common stock of Lear Seating Corporation (formerly known as Lear Siegler Seating Corp.) and certain other subsidiaries of Lear Siegler Holdings Corp. comprising its seating group (the companies acquired being collectively referred to herein as the "Seating Group"). On December 31, 1993, Holdings merged with and into the Company (the "Merger"), and the separate corporate existence of Holdings ceased on that date. Unless the context otherwise indicates, all information contained herein is presented as if the Merger had occurred as of the date or as of the beginning of the period indicated.

The Company's principal executive offices are located at 21557 Telegraph Road, Southfield, Michigan 48034. Its telephone number at that location is (810) 746-1500. The Company was incorporated in Delaware on January 13, 1987.

BUSINESS STRATEGY

To take advantage of additional business opportunities, the Company has positioned itself as a global Tier I supplier of entire seat systems to the OEMs. Tier I status typically means that the supplier is awarded the seat program for a particular vehicle in the early stages of the vehicle's design. The Tier I supplier becomes responsible for total seat program management, including design, development, component sourcing, quality assurance procedures, manufacture and delivery to the OEM's assembly plant. The OEM benefits from lower costs, improved quality, timely delivery and the administrative convenience of being able to treat seating as a single component instead of as numerous individual components. The Company believes that its early involvement in the design and engineering of new seat products as a Tier I supplier affords the Company a competitive advantage in securing new business. The Company has become a significant Tier I supplier by implementing a strategy based upon the following elements:

- Strong Relationships with the OEMs. The Company's management has developed strong relationships with its OEM customers which allow Lear to identify business opportunities and react to customer needs in the early stages of

vehicle design. The Company works closely with OEMs in designing and engineering seat systems and maintains an excellent reputation with the OEMs for timely delivery and customer service and for providing world class quality at a competitive price. Many of the Company's facilities have won awards from OEMs and others, including the General Motors Mark of Excellence Award, the General Motors Supplier of the Year Award, the General Motors Top Supplier Award in Mexico, the Ford Q-1 Award, the General Motors of Europe Supplier of the Year Award, the Chrysler Quality Excellence Award, the Saab 100% Supplier Performance Award, the Mazda Most Valuable Supplier Award and Full Service Supplier certification by Ford Motor Company.

- Product Technology and Product Design Capability. Lear has made substantial investments in product technology and product design capability to support its products. The Company maintains two technical centers (in Southfield, Michigan and Turin, Italy) where it tests current and future products to determine compliance with safety standards, quality and durability, response to environmental conditions and user wear and tear. Benchmarking studies are also conducted to aid in developing innovative seat design features. The Company has recently made substantial investments to further upgrade its computer-aided engineering ("CAE") and computer-aided design/computer-aided manufacturing ("CAD/CAM") capabilities. Such tools as advanced design modeling software, dynamic crash simulation, linear and non-linear finite element analysis and solids modeling are among several tools recently added to electronically create a seat and evaluate its performance.

- Lean Manufacturing Philosophy. Lear has adopted a "lean manufacturing" philosophy that seeks to eliminate waste and inefficiency in its own operations and in those of its customers. The Company believes that it provides superior quality seating products at lower costs than the OEMs. The Company, whose facilities are linked by computer directly to those of its suppliers and customers, receives components from its suppliers, and delivers seat systems and components to its customers on a JIT basis, which minimizes inventories and fixed costs and enables the Company to deliver products on as little as 90 minutes notice. In the year ended December 31, 1994, the Company's overall annual inventory turnover rate was 36 times and the turnover rate was up to 150 times in the case of certain of the Company's JIT plants. The Company also minimizes fixed costs by using the existing suppliers to the OEMs and the OEMs themselves for certain components instead of attempting to produce such components itself. In cases where one of the Company's manufacturing facilities is underutilized, the Company is able to redistribute products to increase facility utilization.

Typically, the upfront cost of constructing a new seat systems facility is between $6.0 and $9.0 million per facility for owned facilities and between $1.0 million and $6.0 million per facility for leased facilities. The principal costs in starting a new seat systems facility arise from the acquisition of the land, construction of the building and installation of conveyor systems. Because most seat assembly work is manual and does not require complex equipment, capital costs are relatively low.

FSB ACQUISITION

On December 15, 1994, the Company, through its wholly-owned subsidiary Lear Seating Italia S.r.L., purchased from Gilardini S.p.A. ("Gilardini"), a subsidiary of Fiat S.p.A. ("Fiat Auto"), all of the shares of SEPI S.p.A. ("SEPI"), the primary automotive seat systems supplier to Fiat Auto. SEPI and its wholly-owned subsidiary, SEPI Sud S.p.A. ("SEPI Sud"), operate eight facilities in Italy producing automotive seat systems for 85% of Fiat Auto's Italian vehicle production under the Fiat, Lancia, Alfa Romeo and Ferrari nameplates as well as seat frames for certain Fiat models for which SEPI and SEPI Sud do not supply the seat systems. In connection with this acquisition, Lear also acquired from Gilardini (i) all of the shares of SEPI Poland Sp. Z o.o., which produces automotive seat systems for Fiat Auto Poland and supplies seat covers to SEPI and SEPI Sud; (ii) a 35% interest in a Turkish joint venture which proposes to produce automotive seat systems for Tofas (a Fiat Auto affiliate) and provides seat covers to SEPI and SEPI Sud; and (iii) a 49% interest in Industrias Cousin Freres S.L., a seat component joint venture in Spain with Bertrand Faure S.A. Lear also anticipates acquiring interests in proposed South American joint ventures which plan to supply automotive seat systems to Fiat Auto or its affiliates in Brazil and Argentina.

The purchase price for the acquisition (the "FSB acquisition") of the interests described in the preceding paragraph (collectively, the "Fiat Seat Business") was 250.0 billion Italian Lire, including the long-term indebtedness of SEPI as of September 30, 1994 which totaled 80.63 billion Italian Lire. Of the purchase price, 20.0 billion Italian Lire was deferred and is payable, without interest thereon, on November 30, 1998. The remaining 149.37 billion Italian Lire of the purchase price was paid in cash at the closing of the FSB acquisition. As part of the FSB acquisition, Lear also agreed to replace the outstanding indebtedness of SEPI to Fiat Auto and its affiliates. Lear replaced such indebtedness on January 20, 1995.

In connection with the FSB acquisition, Lear and Fiat Auto entered into a long-term supply agreement for the production of substantially all outsourced automotive seat systems for Fiat Auto and affiliated companies worldwide. The financing for the FSB acquisition was provided by the Company's Credit Agreement (as defined herein).

The sale of the Fiat Seat Business was conducted on an auction basis in which Fiat Auto considered numerous factors submitted by each of several bidders including price, technical resources, capabilities and expertise in the automotive and light truck seat market. The Company believes that its selection highlights the Company's position as a leading independent supplier of automotive seat systems.

The FSB acquisition not only establishes Lear as the market leader in automotive seat systems in Europe, but combined with its leading position in North America, makes Lear the largest independent automotive seat systems manufacturer in the world.

PRODUCTS

Lear's products have evolved from the Company's many years of experience in the seat frame market where it has been a major supplier to General Motors and Ford since its inception in 1917. The seat frame has structural and safety requirements which make it the basis for overall seat design and was the logical first step to the Company's emergence as a dominant supplier of entire seat systems.

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

The JIT principles first developed at Lear's seat frame plants in 1983 were next applied to the Company's growing seat systems business and has now evolved to SPD principles. The Company's 39 seating plants are typically no more than 30 minutes or 20 miles from its customers' assembly plants and manufacture seats for delivery to the customer's facility in as little as 90 minutes. Orders for the Company's seats are received on a weekly basis, pursuant to blanket purchase orders for annual requirements. These orders detail the customers needs for the ensuing week. In addition, on each work day, constant computer and other communication is maintained between personnel at the Company's plants and personnel at the customer's plants to keep production current with the customer's demand.

The following is the approximate composition by product category of the Company's net sales in the year ended December 31, 1994: seat systems, 78%; seat covers, 12%; seat frames, 8%; and seat components, 2%.

- Seat Systems. The seat systems business consists of the manufacture, assembly and supply of entire seating requirements for a vehicle or assembly plant. The Company produces seat systems for automobiles and light trucks that are fully finished and ready to be installed in a vehicle. Included within the Company's seat systems production are high performance seats for luxury versions of the OEMs' specialty cars, such as the Chevrolet Corvette, the Ford Taurus SHO, the Mercury Cougar XR7, the Ford Thunderbird Super Coupe, the Ford Mustang GT and the Dodge Viper. High performance seats 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 OEMs continue to view seat systems as a distinguishing marketing feature, the advanced features incorporated initially in high performance seats are more frequently becoming standard features in a wider variety of later production vehicles.

The market for seat systems developed as a result of North American automobile manufacturers' need to restructure assembly plant methods in response to vigorous foreign competition in the early 1980's. The Company was positioned to take advantage of this growing market through its long standing relationships with customers. These relationships have been fostered through the Company's performance in seat frame manufacturing over the years and its demonstrated ability to supply and manage total seat systems. The Company believes that its position in the seat systems market will improve as seats with advanced features become an increasingly important criterion for distinguishing between competing vehicle models.

The Company's major seat systems customers include Ford, General Motors, Fiat, Chrysler, Volvo, Volkswagen, Saab and Mazda. In addition, through its joint ventures with NHK Spring Co., Ltd., the Company supplies seat systems to SIA (a joint venture between Fuji Heavy Industries (Subaru) and Isuzu) and to CAMI (a joint venture between Suzuki and General Motors). The Company and its affiliates serve assembly plants for these customers through 39 different JIT facilities.

The Company's sales for the year ended December 31, 1994 were comprised of the following vehicle categories: 42% light truck and sport utility, 18% mid-size, 13% luxury, 11% full size, 9% sport and 7% compact vehicles. Among the more significant vehicle platforms for which the Company produces or has been awarded complete seat system responsibility are the GM C/K pick-up (Chevrolet and GMC light trucks), the Ford Taurus and Mercury Sable, the Ford Crown Victoria and Mercury Grand Marquis, GM C/K sport utility vehicles (Chevrolet and GMC Suburban, Chevrolet Tahoe and GMC Yukon), Buick LeSabre, GM J-body (Chevrolet Cavalier and Pontiac Sunfire) and the Ford Windstar minivan. For a more complete listing of vehicles with seat systems sold by the Company and its affiliates, see "Business - Customers."

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

Lear's position as a market leader in seat systems is largely attributable to seating programs on new vehicle models launched in the past five years. The Company believes that supplying seating for these new vehicle models will provide it with a long-term revenue stream throughout the lives of these models. The Company is currently working with customers in the development of a number of seat systems products to be introduced by automobile manufacturers in the late 1990's, which it expects will lead to an increase in outsourcing opportunities in the future. For years ending December 31, 1995 through December 31, 1998, the Company anticipates approximately $800 million in incremental annual new sales from the full ramp-up of new and recently awarded programs. Such business includes the Ford Taurus/Mercury Sable, the Ford Explorer, the Ford Contour/Mercury Mystique, the Dodge Ram Pick-up Truck, the Chevrolet Cavalier/Pontiac Sunfire, the Ford Windstar Minivan, all Jaguar models, the GM Opel Omega and the Oldsmobile Aurora/Buick Riviera.

- Seat Covers. Lear produces seat covers at its Fairhaven, Michigan and Saltillo, Mexico facilities, which deliver seat covers primarily to other Company plants. In addition, pursuant to the NAB acquisition, the Company acquired a portion of Ford's North American seat cover business and is producing approximately 80% of the seat covers for Ford's North American vehicles. After the NAB acquisition, the Company's major external customers for seat covers are Ford and other independent suppliers. The expansion of the Company's seat cover business allows the Company better control over the cost 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.

- Seat Frames. Lear produces steel and aluminum seat frames for passenger cars and light trucks and medium trucks. Seat frames are primarily manufactured using precision stamped, tubular steel and aluminum components joined together by highly automated, state-of-the-art welding and assembly techniques. The manufacture of seat frames must meet strict customer specified safety standards.

The Company's seat frames are either delivered to its own plants where they become part of a completed seat that is sold to the OEM customer, to customer-operated assembly plants or to other independent seating suppliers where they are used in the manufacture of assembled seating systems.

The Company's product development engineers continue to advance its technological position with such innovative material applications as aluminum and plastic frames and new seat designs which dramatically reduce seat weight while increasing usable automotive vehicle interior space or increasing safety.

- Seat Components. The Company designs and manufactures plastic storage armrests for inclusion in seat systems at its plant in Mendon, Michigan. Vehicles in which these components are found are the Dodge Ram Pick-up Truck, the Ford F-Series Pick-up Truck, the Buick LeSabre and the Oldsmobile Delta 88. The Company also manufactures painted and assembled injection molded components at the Mendon facility that are used in automotive vehicle interiors.

MANUFACTURING

Lear has developed a comprehensive flexible manufacturing philosophy for seat systems that allows it to make optimal use of its manufacturing facilities in both high and low volume markets. This concept, based on JIT manufacturing techniques, was developed in the early 1980's to meet the requirements of its customers seeking to reduce costs and improve quality. The Company has over ten years of experience in JIT management and manufacturing.

Seat and component 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 advanced bonding processes. There are two advanced bonding techniques employed by the Company: the Company's patented SureBond process, a technique in which fabric is affixed to the underlying foam padding using adhesives, and the Company's licensed foam-in-place process, in which foam is injected into a fabric cover. The SureBond process has several major advantages when compared to traditional methods, including design flexibility, increased quality and lower cost. The SureBond process, unlike alternative bonding processes, results in a more comfortable seat in which air can circulate freely. The SureBond process, moreover, is reversible, so that seat covers that are improperly installed can be removed and repositioned properly with minimal materials cost. In addition, the SureBond process is not capital intensive when compared to competing technologies.

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

Lear obtains steel, aluminum and foam chemicals used in its seat systems from various producers under various supply arrangements. Leather, fabric and purchased components generally are purchased from various suppliers under contractual arrangements typically lasting no longer than one year. All such materials are readily available. Some of the purchased components are obtained through the Company's own customers.

CUSTOMERS

Lear serves the worldwide automobile and light truck market, which produces over 30 million vehicles annually. The outsourced market for automobile and light truck seat systems in North America is approximately 70% of the total North American seat systems market, which in 1994 was estimated to have annual revenues of approximately $6.8 billion. The outsourced market for seat systems in Europe is approximately 53% of the total European seat systems market, which in 1994 was estimated to have annual revenues of approximately $4.5 billion. The Company believes that the same competitive pressures that contributed to the rapid expansion of its business in North America since 1983 will continue to encourage automakers in the North American and the European markets to outsource more of their seating requirements. Over the past three years, the Company has aggressively pursued expansion in Europe, both with its existing and new customers.

The Company's OEM customers currently include Ford, General Motors, Fiat, Chrysler, Volvo, Volkswagen, Saab, Mazda, BMW, Jaguar, Audi, Subaru, Isuzu, Suzuki, Daimler-Benz, Renault and Peugeot. For additional information regarding customers, foreign and domestic operations and sales, see Note 18, "Geographic Segment Data," to the consolidated financial statements of the Company included in this Report.

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

The purchase of seat systems on a JIT basis has allowed the Company's customers to realize a competitive advantage as a result of (i) a reduction in labor costs since suppliers like the Company generally enjoy lower direct labor rates, (ii) the elimination of working capital and personnel costs associated with the production of seat systems by the OEM, (iii) a reduction in net overhead expenses and capital investment due to the availability of approximately 60,000 to 80,000 square feet of plant space for expansion of other manufacturing operations which was previously associated with seat production at the OEM facilities and (iv) a reduction in transaction costs because of the customer's ability to deal with a limited number of sophisticated system suppliers as opposed to numerous individual component suppliers. In addition, the Company offers improved quality and on-going cost reductions to its customers through design improvements.

The Company receives blanket purchase orders from its customers that normally cover annual requirements for seats 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 seats. In order to reduce its reliance on any one model, the Company produces complete seat systems and components for a broad cross-section of both new and more established models. Vehicles with seat systems sold by the Company and its affiliates in the indicated locations include:

UNITED STATES AND CANADA

BMW:
300 Series

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

CHRYSLER:
Dodge Dakota Pick-up Truck
Dodge Ram Charger
Dodge Ram Pick-up Truck
Dodge Viper

FORD:
Ford Crown Victoria
Ford Explorer Sports Bucket, Eddie Bauer & Limited Edition
Ford F-Series Pick-up Truck
Ford Lightning Pick-up Truck
Ford Mustang GT & LX
Ford Probe
Ford Ranger Supercab/STX
Ford Taurus SHO
Ford Thunderbird SC
Ford Windstar Minivan
Mercury Sable
Mercury Cougar XR7
Mercury Grand Marquis
Mazda Navajo

FUJI/ISUZU:
Isuzu Trucks
Subaru Legacy

HONDA:
Passport

GENERAL MOTORS:
Buick LeSabre
Buick Park Avenue
Buick Regal
Buick Riviera
Chevrolet Cavalier
Chevrolet Corvette
Chevrolet Lumina
Chevrolet Monte Carlo
Chevrolet Tahoe/GMC Yukon
Chevrolet C/K Pick-up Truck
Chevrolet Kodiak
Chevrolet Sport Van
Chevrolet/GMC G-Van
GMC Pick-up Truck
Chevrolet/GMC Suburban
GMC Rally, Vandura Van
GMC Sierra Crew Cab
GMC Sierra Pick-up Truck
GMC Top Kick
Oldsmobile Aurora
Oldsmobile Delta 88
Pontiac Sunfire

EUROPE

ALFA ROMEO:
Alfa 33
Alfa 155
Alfa 164
Alfa 936
Futura 33
Spider

CHRYSLER:
Eurostar Minivan

FERRARI:
GT-456

FIAT:
Coupe
Croma
Panda
Ducato
Punto
Tempra
Tipo
Uno
X230

GENERAL MOTORS - OPEL:
Astra
Calibra
Corsa
Omega
Vectra

JAGUAR:
XJS
XJ6

LANCIA:
Dedra
Delta
Thema
Y11
838

VOLVO:
800 Series
900 Series

SAAB:
Saab 900
Saab 9000

MEXICO

FORD:
Ford Contour
Ford Escort
Ford F-Series
Ford Thunderbird
Mercury Cougar
Mercury Grand Marquis
Mercury Mystique
Mercury Tracer

CHRYSLER:
Club Car Pick-up Truck
Dodge Ram Pick-up Truck

GENERAL MOTORS:
Oldsmobile Cutlass
Chevrolet Cavalier
Opel Corsa
Pontiac Sunfire

VOLKSWAGEN:
Beetle
Golf
Jetta
Derby
Vanagon Minivan

AUSTRALIA

GENERAL MOTORS - HOLDEN'S:
VS and VT

Because of the economic benefits inherent in the JIT manufacturing process and the costs associated with reversing a decision to purchase seat systems from an outside supplier, the Company believes that automobile manufacturers' level of commitment to purchasing seating from outside suppliers, particularly on a JIT basis, will increase. However, under the contracts currently in effect in the United States between each of General Motors, Ford and Chrysler with the United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW"), in order for any of such manufacturers to obtain components that it currently produces itself from external sources, it must first notify the UAW of such intention. If the UAW objects to the proposed outsourcing, some agreement will have to be reached between the UAW and the OEM. Factors that will normally be taken into account by the UAW and the OEM include whether the proposed new supplier is technologically more advanced than the OEM, cost and whether the OEM will be able to reassign union members whose jobs are being displaced to other jobs within the same factories. As part of its long-term agreement with General Motors, the Company operates its Grand Rapids, Michigan and Lordstown, Ohio facilities with General Motors employees and reimburses General Motors for the wages of such employees on the basis of the Company's employee wage structure. The Company enters into these arrangements to enhance its relationship with its customers.

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

Ford and General Motors, the two largest automobile and light truck manufacturers in the world, are also the Company's two largest customers, accounting for 39% and 36%, respectively, of the Company's net sales during the year ended December 31, 1994.

MARKETING AND SALES

Lear markets its products by maintaining strong relationships with its customers fostered during its 77-year history through strong technical and product development capabilities, reliable delivery of high quality products, strong customer service, innovative new products and a competitive cost structure. Close personal communications with automobile manufacturers are an integral part of the Company's marketing strategy. Recognizing this, the Company was reorganized into six independent divisions, each with the ability to focus on its own customers and programs and each having complete responsibility for the product, from design to installation. By moving the decision making process closer to the customer, and instilling a philosophy of "cooperative autonomy," the Company is more responsive to, and has strengthened its relationships with, its customers. Automobile manufacturers have increasingly reduced their number of suppliers as part of their move to purchase systems rather than purchase individual components. This process favors suppliers like the Company with established ties to automobile manufacturers and the demonstrated ability to adapt to the new competitive environment in the automotive industry.

The Company's sales are originated entirely by its sales staff. This marketing effort is augmented by design and manufacturing engineers who work closely with automobile manufacturers from the preliminary design to the manufacture and supply of a seating system. Manufacturers have increasingly looked to suppliers like the Company to assume responsibility for the introduction of product innovation, shorten the development cycle of new models, decrease tooling investment and labor costs, reduce the number of costly design changes in the early phases of production and improve seat comfort and functionality. Once the Company is engaged to develop the design for the seating of a specific vehicle model, it is also generally engaged to supply the vehicle with seating when it goes into production. The Company has responded to this trend by improving its engineering and technical capabilities and developing technical centers in the United States and in Europe. The Company has also developed full-scope engineering capabilities, including all aspects of safety and functional testing and comfort assessment. In addition, the Company has established various remote engineering sites in close proximity to several of its OEM customers to enhance customer relationships

and design activity. During the five-year term of the supply agreement entered into in connection with the NAB acquisition, the Company is assuming responsibility for a substantial portion of Ford's seat systems design capability and, accordingly has built a 75,000 square foot dedicated engineering facility in Dearborn, Michigan to service Ford products.

TECHNOLOGY

Lear conducts advanced product design development at its technical centers in Southfield, Michigan and Turin, Italy. After the FSB acquisition, the Company transferred its European technical facility from Rietberg, Germany to Turin, Italy. 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. 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 and child restraint seats. The Company has recently invested to further upgrade its CAE and CAD/CAM systems, including three-dimensional color graphics, customer telecommunications and direct interface with customer CAD systems. Research and development costs incurred with the development of new products and manufacturing methods (not including additional research and development costs paid for by the customer) amounted to approximately $21.9 million, $16.2 million, $18.2 million and $11.4 million for the years ended December 31, 1994 and 1993 and the fiscal years ended June 30, 1993 and 1992, respectively.

Lear uses its patented SureBond process (the patent for which has approximately 9 years remaining) in bonding seat cover materials to the foam pads used in certain of its seats. The SureBond process is used to bond a pre-shaped cover to the underlying foam to minimize the need for sewing and achieve new seating shapes, such as concave shapes, which were previously difficult to manufacture.

The Company, through its wholly-owned subsidiary, Progress Pattern Corp. ("Progress Pattern"), produces patterns and tooling for use in the automotive casting industry. Its capabilities include foundry and vacuum form tooling, porous mold design and lost foam tooling production. The pattern operation is also integral to the Company's seating design programs, including independent product design and development, contract design, engineering services, manufacturing feasibility and engineering cost studies. Progress Pattern also manufactures production tooling for the Company's plastic and foam molding operations. In addition to providing support for the Company's continuing seat design, Progress Pattern provides services to its own customers, including Ford and General Motors. It produced the casting tooling for the General Motors Saturn engine.

The Company holds a number of mechanical and design patents covering its automotive seating 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.

The Company has and will continue to dedicate resources to research and development to maintain its position as a leading developer of technology in the automotive seating industry.

JOINT VENTURES AND MINORITY INTERESTS

Lear conducts a portion of its business through joint ventures in order to facilitate the exchange of technical information and the establishment of business relationships with foreign automakers. The joint ventures in which the Company participates include: (i) General Seating of America, a joint venture with NHK Spring Co., Ltd. of

Japan in which the Company has a 35% interest, which supplies trimmed seating to SIA (a joint venture between Fuji Heavy Industries (Subaru) and Isuzu) and (ii) General Seating of Canada Limited, a joint venture with NHK Spring Co., Ltd. of Japan in which the Company has a 35% interest, which supplies trimmed seating from a plant in Woodstock, Ontario to CAMI (a joint venture between Suzuki and General Motors). In addition, the Company has a 31% interest in Probel, S.A., a Brazilian automotive seat component and furniture manufacturer, and a 20% interest in Pacific Trim Corp. Ltd., a Thai manufacturer of automotive vehicle seat systems and seat covers. In conjunction with the purchase of the Fiat Seat Business, the Company obtained a 49% interest in Industrias Cousin Freres, S.L., a Spanish joint venture with Bertrand Faure S.A. which produces seat components, and a 35% interest in Markol Otomotiv Yan Sanayi Ve Ticart, a Turkish joint venture which proposes to produce seat systems for Tofas, a Fiat Auto affiliate, and seat covers for SEPI and SEPI Sud. As part of the Company's effort to procure business in the Far East, the Company also holds a 49% interest in Lear Seating Thailand Corporation. See Note 9, "Investments in Affiliates," to the consolidated financial statements of the Company included in this Report.

COMPETITION

Lear is one of the two primary suppliers in the outsourced North American seat systems market. The Company's main independent competitor is Johnson Controls, Inc., and it competes, to a lesser extent, with Douglas & Lomason Company and Magna International, Inc. The Company's major independent competitors in Europe, besides Johnson Controls, Inc., are Bertrand Faure (headquartered in France) and Keiper Recaro (headquartered in Germany). The Company also competes with the OEM's in-house seat system suppliers. The Company competes on the basis of technical expertise, reliability, quality and price. The Company believes its technical resources, product design capabilities and customer responsiveness are the key factors that allow it to compete successfully in the seat systems market.

SEASONALITY

Lear's principal operations are directly related to the automotive industry. Consequently the Company may experience seasonal fluctuation to the extent automotive vehicle production slows, such as in the summer months when plants close for model year changeovers and vacation. Historically, the Company's sales and operating profit have been the strongest in the second and fourth calendar quarters. Net sales for the year ended December 31, 1994 by calendar quarter broke down as follows: first quarter, 22%; second quarter, 26%; third quarter, 22%; and fourth quarter, 30%. See Note 19, "Quarterly Financial Data," of the notes to the consolidated financial statements included in this Report.

EMPLOYEES

After giving effect to the FSB acquisition, the Company employs approximately 6,200 persons in the United States, 10,600 in Mexico, 2,400 in Canada, 2,000 in Italy, 1,300 in Germany, 1,000 in Sweden, 400 in the United Kingdom, 80 in Austria and 60 in France. Of these, about 3,700 are salaried employees and the balance are paid on an hourly basis. Approximately 19,200 of the Company's employees are members of unions. The Company has collective bargaining agreements with several unions including the UAW; National Automobile, Aerospace and Agricultural Implement Workers Union of Canada; the Textile Workers of Canada; the Confederation of Mexican Workers; the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America; the International Association of Machinists and Aerospace Workers, the AFL-CIO, and its Local PM 2811 of Detroit and vicinity. Each of the Company's facilities 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 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 good.

ENVIRONMENTAL

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 Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company - Environmental Matters."

ITEM 2 -- PROPERTIES

The Company's operations are conducted through 79 facilities in 17 countries employing approximately 25,000 people worldwide. The Company's management is headquartered in Southfield, Michigan. The headquarters building, which accommodates both the main office and a technical center, was completed in June 1988. Thirty-nine facilities are dedicated to providing seat systems to nearby assembly plants. The others focus on the production of a combination of seat systems and other seating products. Substantially all owned facilities secure borrowings under the Company's various debt agreements.

The Company's facilities are located in appropriately designed buildings which are kept in good repair with sufficient capacity to handle present volumes. The Company has designed its facilities to provide for efficient JIT manufacturing of its products. No facility is materially underutilized. 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 provides certain information regarding the Company's 79 operating facilities:

FACILITY	OWNED/ LEASED	BUILDING SQ. FEET	FUNCTION	LEASE EXPIRATION
			UNITED STATES:	
Southfield, MI	L	27,000	engineering offices	June 1996
Southfield, MI	O	70,000	administrative offices and technical center	---
Detroit, MI	O	156,800	manufacture of seat systems	---
Romulus I, MI	O	89,600	manufacture of seat systems	---
Romulus II, MI	O	96,000	manufacture of seat systems	---
Fenton, MI	O	75,800	manufacture of seat systems	---
Morristown, TN	O	235,900	manufacture of seat components	---
Lorain, OH	L	42,100	manufacture of seat systems	July 1998
Mendon, MI	O	168,500	manufacture of seat components and other plastic products	---
Southfield, MI	O	65,000	manufacture of seat tooling	---
Grand Rapids, MI	(1)	66,560	manufacture of seat frames	---
Southfield, MI	O	19,000	product testing facility	---
Louisville, KY	L	72,000	manufacture of seat systems	January 2000
Janesville, WI	O	152,000	manufacture of seat systems	---
Fair Haven, MI	L	68,603	manufacture of seat covers	July 1995
Flint, MI	L	10,083	engineering offices	August 1996
Warren, MI	L	17,500	engineering offices	March 1997
Dearborn, MI	L	75,000	engineering offices	April 2004
Duncan, SC	L	38,926	manufacture of seat systems	May 2004
Lordstown, OH	O	96,000	manufacture of seat systems	---
Rochester Hills, MI	L	101,600	manufacture of seat systems	August 1997
Hammond, IN	O (2)	111,000	manufacture of seat systems	---
Atlanta, GA	O	102,000	manufacture of seat systems	---
Bridgeton, MO	L (2)	127,000	manufacture of seat systems	July 1998
Wentzville, MO	O (2)	42,100	manufacture of seat systems	---
El Paso, TX	L	86,000	warehouse	May 1997
El Paso, TX	L	25,000	warehouse	September 1995
			CANADA:	
Kitchener, Ontario	O	343,044	manufacture of seat frames	---
Ajax, Ontario	O	120,000	manufacture of seat systems	---
Whitby, Ontario	O	187,400	manufacture of seat systems	---
Oakville, Ontario	O	90,000	manufacture of seat systems	---
St. Thomas, Ontario	L	100,000	manufacture of seat systems	January 2005

FACILITY	OWNED/ LEASED	BUILDING SQ. FEET	FUNCTION	LEASE EXPIRATION
			EUROPE:	
Meaux, France	O	48,300	manufacture of seat components	---
Paris, France	L	2,500	administrative offices	January 1995
Blere, France	O	14,300	manufacture of wire components	---
Rietberg, Germany	O	193,143	manufacture of seat components	---
Rietberg, Germany	O	17,625	technical center	---
Quakenbruck, Germany	O	139,500	manufacture of seat components	---
Gustavsburg, Germany	L	177,000	manufacture of seat systems	June 2002
Eisenach, Germany	O	77,500	manufacture of seat systems	---
Munich, Germany	L	6,456	engineering offices	October 2000
Koflach, Austria	L	63,307	manufacture of seat systems	January 1995
Trollhattan, Sweden	L	135,102	manufacture of seat systems	December 1996
Bengtsfors, Sweden	L	246,726	manufacture of seat systems	September 2007
Coventry, England	O	22,000	manufacture of seat systems	---
Orbassano, Italy	L (5)	200,209	manufacture of seat systems	April 1998
Grugliasco, Italy	O (5)	139,931	manufacture of seat frames	---
Bruino, Italy	L (5)	102,257	manufacture of seat covers	July 1998
Novara, Italy	O (5)	129,167	manufacture of seat systems and seat frames	---
Pozzilli, Italy	O (5)	161,459	manufacture of seat frames and seat covers	---
Frosinone, Italy	O (5)	107,639	manufacture of seat systems	---
Caivano, Italy	L (5)	118,404	manufacture of seat systems	March 1997
Melfi, Italy	O (5)	204,912	manufacture of seat systems	---
Myslowice, Poland	L (5)	13,988	manufacture of seat frames	May 1995
Myslowice, Poland	L (5)	6,994	administrative offices	May 1995
Tychy, Poland (in Fiat Plant)	L (5)	81,776	manufacture of seat systems	November 1999
			MEXICO:	
Saltillo I	L	91,025	manufacture of seat covers	January 1998
Saltillo II	L (2)	43,000	manufacture of seat systems	April 2000
Tlahuac	O	339,000	manufacture of seat components	---
Tlahuac	L	8,900	warehouse	June 1997
Naucalpan	L	66,000	manufacture of seat systems	July 1996
Cuautitlan	L	75,000	manufacture of seat systems	(3)
Puebla	L	81,000	manufacture of seat systems	(3)
Hermosillo	O	121,000	manufacture of seat systems	---
Rio Bravo	O	202,700	manufacture of seat covers	---
San Lorenzo	O	287,000	manufacture of seat covers	---
La Cuesta	O	392,500	manufacture of seat covers	---
			AUSTRALIA:	
Adelaide		42,000	manufacture of seat systems	June 2005
Melbourne	L	2,500	administrative offices	April 1998
			AFFILIATES OR MINORITY INTERESTS:	
Woodstock, Ontario, Canada	O (4)	120,000	manufacture of seat systems	---
Frankfort, Indiana	O (4)	82,000	manufacture of seat systems	---
Khorat, Thailand	L (4)	30,000	manufacture of seat covers and seat systems	---
Jakarta, Indonesia	L (4)	45,000	manufacture of seat systems	---
Pamploma, Spain	O (4)	87,000	manufacture of seat components	---
Bursa, Turkey	L (4)	2,500	administrative offices	---
Buenos Aires, Argentina	L (4)	124,700	manufacture of seat systems	---
Suzano, Sao Paulo, Brazil	O (4)	344,448	manufacture of seat components	---
Ipiranga, Sao Paulo, Brazil	L (4)	355,212	manufacture of seat components	---
Jaguare, Sao Paulo, Brazil	L (4)	96,876	manufacture of seat components	---

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(1) This facility is operated for General Motors
(2) Facility currently under construction.
(3) Currently leased on a month-to-month basis pending agreement on a longer lease term.
(4) Owned or leased by affiliates or minority interests of the Company.
(5) Acquired as part of FSB acquisition.

ITEM 3 - LEGAL PROCEEDINGS

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 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 three Superfund sites where liability has not been determined. The Company has also been identified as a PRP at two additional sites. Management believes that the Company is, or may be, responsible for less than one percent, if any, of total costs at the three Superfund sites. Expected liability at the two 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.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1994.

PART II

ITEM 5 - MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is listed on the New York Stock Exchange under the symbol "LEA." The Transfer Agent and Registrar for the Company's Common Stock is The Bank of New York, located in New York, New York. On February 28, 1995, there were 252 holders of record of the Company's Common Stock.

To date, the Company has never paid a cash dividend on its Common Stock. Any payment of dividends in the future is dependent upon the financial condition, capital requirements, earnings of the Company and other factors. However, the Company currently intends to retain all future earnings, if any, to fund the development and growth of its business and, therefore, does not anticipate paying any cash dividends in the foreseeable future. Also, the Company is subject to certain contractual restrictions on the payment of dividends. See Note 11, "Long-Term Debt," of the notes to the consolidated financial statements included in this Report for information concerning such restrictions.

The following table sets forth the high and low sales prices per share of Common Stock, as reported by the New York Stock Exchange, for the periods indicated:

Year Ended December 31, 1994:	Price Range of Common Stock	
	High	Low
1st Quarter	N/A	N/A
2nd Quarter	20	16 3/4
3rd Quarter	19 1/4	16 1/2
4th Quarter	21 5/8	17 1/2

ITEM 6 -- SELECTED FINANCIAL DATA

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 the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993 and for the years ended June 30, 1993, 1992, 1991 and 1990 have been audited by Arthur Andersen LLP. In February 1994 the Company changed its fiscal year end from June 30 to December 31 effective December 31, 1994. The selected financial data below should be read in conjunction with the consolidated financial statements of the Company and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company" included in this Report.

	YEAR ENDED DECEMBER 31, 1994 (1)	YEAR ENDED DECEMBER 31, 1993 (1)	SIX MONTHS ENDED DECEMBER 31, 1993 (1)	YEAR ENDED JUNE 30, 1993	YEAR ENDED JUNE 30, 1992	YEAR ENDED JUNE 30, 1991	YEAR ENDED JUNE 30, 1990
				(DOLLARS IN MILLIONS (2))			
OPERATING DATA:							
Net sales	$ 3,147.5	$ 1,950.3	$ 1,005.2	$ 1,756.5	$ 1,422.7	$ 1,085.3	$ 1,067.9
Gross profit	263.6	170.2	72.2	152.5	115.6	101.4	104.7
Selling, general and administrative expenses	82.6	62.7	27.7	61.9	50.1	41.6	28.2
Incentive stock and other compensation expenses (3)	--	18.0	18.0	--	--	1.3	1.4
Amortization	11.4	9.9	4.7	9.5	8.7	13.8	13.8
Operating income	169.6	79.6	21.8	81.1	56.8	44.7	61.3
Interest expense, net	46.7	45.6	24.8	47.8	55.2	61.7	61.2
Other expense, net (4)	8.1	9.2	6.6	5.4	5.8	2.2	4.1
Income (loss) before income taxes and extraordinary items	114.8	24.8	(9.6)	27.9	(4.2)	(19.2)	(4.0)
Income taxes	55.0	26.9	13.4	17.8	12.9	14.0	16.6
Net income (loss) before extraordinary items	59.8	(2.1)	(23.0)	10.1	(17.1)	(33.2)	(20.6)
Extraordinary items (5)	--	(11.7)	(11.7)	--	(5.1)	--	--
Net income (loss)	$ 59.8	$ (13.8)	$ (34.7)	$ 10.1	$ (22.2)	$ (33.2)	$ (20.6)
Net income (loss) per share before extraordinary items	$ 1.26	$ (.06)	$ (.65)	$ .25	$ (.62)	$ (2.01)	$ (1.25)
Net income (loss) per share	$ 1.26	$ (.39)	$ (.98)	$ .25	$ (.80)	$ (2.01)	$ (1.25)
Weighted average shares outstanding	47,438,477	35,500,014	35,500,014	40,049,064	27,768,312	16,493,499	16,500,000
BALANCE SHEET DATA:							
Current assets	$ 818.3	$ 433.6		$ 325.2	$ 282.9	$ 213.8	$ 223.2
Total assets	1,715.1	1,114.3		820.2	799.9	729.7	747.6
Current liabilities	981.2	505.8		375.0	344.2	287.1	254.5
Long-term debt	418.7	498.3		321.1	348.3	386.7	402.8
Common stock subject to limited redemption rights, net	--	12.4		3.9	3.5	1.8	1.8
Stockholders' equity	213.6	43.2		75.1	49.4	4.4	35.3
OTHER DATA:							
EBITDA (6)	$ 225.7	$ 122.2		$ 121.8	$ 91.8	$ 81.4	$ 94.3
Capital expenditures	$ 103.1	$ 45.9		$ 31.6	$ 27.9	$ 20.9	$ 14.9
Number of facilities (7)	79	61		48	45	40	33
North American Content per Vehicle (8)	$ 169	$ 112		$ 98	$ 94	$ 84	$ 77
North American vehicle production (in millions) (9)	15.2	13.7		13.6	12.2	11.2	12.4

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(1) On July 1, 1993, the Company adopted SFAS 106 (as defined herein). As a result, the year and six months ended December 31, 1993 represent the first periods during which the Company began to incur additional expense associated with the adoption of SFAS 106. The additional expense for each of these periods was $3.3 million. The additional expense in 1994 was $7.3 million.

(2) Except per share data and North American Content per Vehicle.

(3) Includes a one-time charge of $18.0 million, of which $14.5 million is non-cash, for the year and six months ended December 31, 1993 for incentive stock and other compensation expense (see Note 16 "Stock Options, Warrants and Common Stock Subject to Redemption" in the consolidated financial statements included elsewhere in this Report).

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

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

(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 sales in North America divided by total North American vehicle production.

(9) "North American vehicle production" includes car and light truck production in the United States, Canada and Mexico estimated from industry sources.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

RESULTS OF OPERATIONS

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

Net sales of $3,147.5 million in the year ended December 31, 1994 represents the thirteenth consecutive year of record sales and surpassed sales of $1,950.3 million in the year ended December 31, 1993 by $1,197.2 million or 61.4%. Sales in 1994 benefited from internal growth from new programs and increased seat content per vehicle, higher automotive production in the United States and Europe and the acquisition of the North American seat and seat cover business (NAB) from Ford Motor Company on November 1, 1993 which accounted for $421 million of the increase.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were $263.6 million and 8.4% in the year ended December 31, 1994 as compared to $170.2 million and 8.7% in the year ended December 31, 1993. Gross profit in fiscal 1994 surpassed prior year due to the benefit of higher sales volume including the effect of the NAB acquisition and the Company's cost reduction programs. Partially offsetting the increase in gross profit was $23.1 million of expense for engineering and preproduction costs for new facilities in the United States, Canada and Europe, lower margin contribution in Mexico and the $3.9 million increase in postretirement health care expenses (SFAS 106).

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

Operating income and operating margin (operating income as a percentage of net sales) were $169.6 million and 5.4% in the fiscal year ended December 31, 1994 and $79.6 million and 4.1% in the year ended December 31, 1993. The 113% increase in operating income was attributable to the benefits of higher sales volume, including the effect of the NAB acquisition, non-recurring incentive stock and other compensation expense of $18 million in 1993 and the Company's cost reduction programs. Partially offsetting the increase in operating income were new facility and engineering costs for future seat programs, reduced margins in Mexico and SFAS 106. Non-cash depreciation and amortization charges were $56.1 million and $42.6 million for the years ended December 31, 1994 and 1993.

Other expense for the year ended December 31, 1994, including state and local taxes, foreign exchange gains and losses, minority interests and equity in income of affiliates, decreased in comparison to the prior year as the non-recurring write-off of equipment associated with a discontinued program in Germany and non-seating related assets in the United States, along with a foreign exchange gain, offset state and local tax expense associated with the NAB acquisition.

Interest expense in fiscal 1994 increased in relation to the year ended December 31, 1993 as additional debt incurred to finance the NAB acquisition and higher short-term interest expense in Europe offset the benefits derived from the refinancing of subordinated debt at a lower interest rate and the Company's equity offering in April, 1994.

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

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

GEOGRAPHIC OPERATING RESULTS

	YEAR ENDED		SIX MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 1994	DECEMBER 31, 1993	DECEMBER 31, 1993	JANUARY 2, 1993	JUNE 30, 1993	JUNE 30, 1992
			(DOLLARS IN MILLIONS)			
NET SALES:						
United States	$ 1,805.3	$ 981.2	$ 551.2	$ 335.7	$ 765.7	$ 597.1
Canada	573.4	375.8	168.6	164.8	372.0	403.3
Europe	572.5	403.8	189.3	218.0	432.5	268.2
Mexico	196.3	189.5	96.1	92.9	186.3	154.1
Net Sales	$ 3,147.5	$ 1,950.3	$ 1,005.2	$ 811.4	$ 1,756.5	$ 1,422.7
OPERATING INCOME:						
United States	$ 109.3	$ 61.3	$ 27.1	$ 17.6	$ 51.8	$ 32.0
Canada	46.3	25.6	12.1	1.8	15.3	14.7
Europe	4.4	(9.6)	(7.6)	(1.9)	(3.9)	3.0
Mexico	10.2	20.3	8.2	5.8	17.9	7.1
Unallocated and other	(.6)	(18.0)	(18.0)	-	-	-
Operating Income	$ 169.6	$ 79.6	$ 21.8	$ 23.3	$ 81.1	$ 56.8

United States Operations

Net sales in the United States increased by 84.0% from $981.2 million in the year ended December 31, 1993 to $1,805.3 million for the current fiscal year. Sales for the year ended December 31, 1994 benefited from the full year contribution of the NAB acquisition, vehicle production increases on mature seating programs, incremental volume on new Chrysler truck and Ford passenger car programs and sales generated by a lead vendor program under which the Company assumed management of components for a seat program with Ford.

Operating income and operating margin were $109.3 million and 6.0% in the fiscal year ended December 31, 1994 and $61.3 million and 6.2% in the year ended December 31, 1993. Operating income and operating margin in fiscal 1994 as compared to the prior year benefited from the NAB acquisition, the overall increase in vehicle production and cost reduction programs which offset new program costs for new facilities, administrative expenses associated with the expansion of business and increased research and development expenses.

Canadian Operations

Net sales in Canada increased by 52.6% to $573.4 million in the year ended December 31, 1994 compared to $375.8 million in the year ended December 31, 1993. Sales in 1994 reflect the benefit of a new Ford truck program introduced in February 1994, the relocation of a NAB passenger car program from Mexico and slightly higher volumes on mature seat programs which offset downtime associated with a General Motors plant conversion for a replacement mid-size passenger car. Initial production of the replacement program began in February 1994 with attainment of targeted production levels in the second quarter of 1994.

Operating income and operating margin in Canada were $46.3 million and 8.1% in the year ended December 31, 1994 and $25.6 million and 6.8% in the year ended December 31, 1993. The growth in operating income and operating margin was due to the benefits derived from higher sales volume on mature seating programs, cost reduction programs, and improved operating performance at start-up seat facilities.

European Operations

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

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

Mexican Operations

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

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

Six Months Ended December 31, 1993 Compared With Six Months Ended January 2, 1993.

Net sales of $1,005.2 million in the six months ended December 31, 1993 surpassed the six months ended January 2, 1993 by $193.8 million or 23.9% despite the effect of depressed automotive vehicle sales on existing seating programs in Europe. Net sales benefited from the purchase of NAB on November 1, 1993, new business in the United States and Europe and incremental volume on established domestic seating programs.

Net sales in the United States of $551.2 million in the six months ended December 31, 1993 increased by $215.5 million or 64.2% from the comparable period in the prior year, reflecting $86.0 million in sales from the NAB acquisition, improved domestic car and truck production on established seating programs, incremental sales from new seat programs and sales generated by a new lead vendor program under which the Company assumed management of components for a seat program with Ford.

Net sales in Canada for the six months ended December 31, 1993 of $168.6 million exceeded sales during the comparable period in the prior year by $3.8 million or 2.3%, reflecting modest vehicle production increases on established General Motors seat programs. Net sales were adversely impacted by downtime associated with a General Motors plant conversion necessary for a replacement mid-size passenger car model introduction. Production for that replacement program began in the first quarter of 1994.

Net sales in Europe of $189.3 million in the six months ended December 31, 1993 declined in relation to the six months ended January 2, 1993 by $28.7 million or 13.2% due to reduced vehicle production requirements for carryover seating programs in Sweden and Finland and unfavorable exchange rate fluctuations. Partially offsetting the decrease in sales was additional volume on established seating programs in Germany and Austria.

Net sales in Mexico increased $3.2 million to $96.1 million in the six month period ended December 31, 1993 compared to the six month period ended January 2, 1993 due to increased production activity on existing Volkswagen and Chrysler programs.

Gross profit and gross margin were $72.2 million and 7.2% for the six month period ended December 31, 1993 as compared to $54.5 million and 6.7% for the prior comparable period. Gross profit and gross margin in the six month period ended December 31, 1993 benefited from the overall increase in North American automotive production, productivity improvement programs, favorable Canadian exchange rate fluctuations and the NAB acquisition. Partially offsetting the increase in gross profit were reduced utilization in Europe, facility pre-production costs for seating programs in Canada, England and Germany, the devaluation of the Swedish krona and severance costs associated with the downsizing of German component operations. The adoption of SFAS 106 had an unfavorable impact on gross profit in the six month period ended December 31, 1993 of $2.9 million.

Selling, general and administrative expenses decreased to 2.8% of net sales for the six months ended December 31, 1993 as compared to 3.3% for the comparable period in the prior year. While expenditures for the more recent period increased 3.1%, or $0.8 million, over the earlier period, an increase in sales led to an overall decrease in these expenses as a percentage of sales. Primarily contributing to the increase in selling, general and administrative expenses in the six month period ended December 31, 1993 were design, development and pre-production costs relating to a BMW seating program.

Operating income and operating margin, before the one-time charge of $18.0 million for incentive stock and other compensation expense, were $39.8 million and 4.0% for the six months ended December 31, 1993 compared to $23.3 million and 2.9% during the comparable period in the prior year. The increase in operating income was due largely to an overall increase in net sales in North America, including an increase in net sales as a result of the NAB acquisition and productivity improvements, which offset lower margin contribution in Europe and the adoption of SFAS 106. Non-cash depreciation and amortization charges were $21.9 million and $19.9 million for the six months ended December 31, 1993 and January 2, 1993, respectively.

Interest expense for the six month period ended December 31, 1993 decreased by $2.2 million from the comparable period in the prior year primarily due to the refinancing of certain subordinated and senior debt at lower interest rates, lower European interest rates, reduced borrowings in Canada and Europe and reduced amortization of financing fees due to the early extinguishment of debt. See Note 4, "1994 Refinancing" to the Company's consolidated financial statements.

Other expense for the six months ended December 31, 1993, including state and local taxes, foreign exchange loss, minority interest in income of subsidiaries and equity in income of affiliates, increased in comparison to the prior year due to the $4.0 million write-off of equipment associated with a discontinued Volkswagen program in Germany and non-seating related assets in the United States.

A loss of $5.0 million, before extraordinary items and the one-time charge of $18.0 million for incentive stock and other compensation expense, was recognized for the six months ended December 31, 1993 as compared to a net loss of $10.8 million in the prior comparable period. The net loss in the six months ended December 31, 1993 reflects a $13.5 million provision for national income taxes of which approximately $8.7 million relates to foreign operations. For the six month period ended December 31, 1993, the Company recognized a net loss of $34.7 million after giving effect to an extraordinary item for the early extinguishment of debt of $11.7 million and one-time charge of $18.0 million for incentive stock and other compensation expense. The extraordinary item was comprised of unamortized deferred financing fees expense and a call premium resulting from the redemption of the 14% Subordinated Debentures, net of related tax effects.

Fiscal Year Ended June 30, 1993 Compared With Fiscal Year Ended June 30, 1992

Net sales of $1,756.5 million in the fiscal year ended June 30, 1993 increased $333.8 million or 23.5% over the fiscal year ended June 30, 1992. The increase was due to new business in the United States and Europe, full year production of a second facility in Sweden for Volvo, of which the Company assumed control in January 1992, and incremental volume on domestic and Mexican programs.

Gross profit and gross margin were $152.5 million and 8.7% in the fiscal year ended June 30, 1993 and $115.6 million and 8.1% in the fiscal year ended June 30, 1992. Gross profit increased due to the benefit of incremental volume, including production of new business programs, productivity improvement programs and improved operating performance at new

facilities in North America, Europe and Mexico. Partially offsetting the increase in gross profit were participation in customer cost reduction programs, plant shutdown costs at a dedicated facility in Finland, nonrecurring favorable foreign exchange effect on sales and a retroactive price increase recognized in the first and second quarters of the fiscal year ended June 30, 1992.

Selling, general and administrative expenses as a percentage of net sales remained unchanged at 3.5% in the fiscal year ended June 30, 1993 as compared to the prior fiscal year. The increase in actual expenses was largely the result of increased research and development cost for future seating programs in the United States, Canada and Europe. Further contributing to the increase in expenses were administrative support expenses for Mexican operations and costs associated with the establishment of customer business units in North America.

Operating income and operating margin were $81.1 million and 4.6% in the fiscal year ended June 30, 1993, $56.8 million and 4.0% in the fiscal year ended June 30, 1992. The growth in operating income was due to incremental volume on established seating programs and improved performance at new seat and seat cover facilities. Partially offsetting the increase in operating income were pre-production and facility costs for programs to be introduced after June 30, 1993, plant shutdown costs and nonrecurring prior fiscal year adjustments noted above. Non-cash depreciation and amortization charges were $40.7 million in the fiscal year ended June 30, 1993 and $35.0 million in the fiscal year ended June 30, 1992.

Interest expense in the fiscal year ended June 30, 1993 declined in relation to the fiscal year ended June 30, 1992 due to lower interest rates on bank debt, refinancing of certain subordinated debt at a lower interest rate and the application of funds received from the capital infusions initiated on September 27, 1991 and July 30, 1992.

Other expense, including state and local taxes, foreign exchange gain or loss, minority interests and equity in income of affiliates, decreased in the fiscal year ended June 30, 1993 in comparison to the fiscal year ended June 30, 1992 as reduced income derived from joint ventures accounted for under the equity method coupled with the Company's write-off of its $1.7 million investment in Probel S.A., a Brazilian company, were more than offset by the expense portion of nonrecurring capitalization and related costs of $3.2 million associated with the capital infusion of September 27, 1991.

Net income of $10.1 million was realized in the fiscal year ended June 30, 1993 as compared to a net loss of $22.2 million in the fiscal year ended June 30, 1992. The net income of $10.1 million in the fiscal year ended June 30, 1993 reflects an $11.9 million provision for foreign national income taxes as compared to an $8.2 million provision in the fiscal year ended June 30, 1992.

United States Operations

Net sales in the United States were $765.7 million and $597.1 million in the fiscal years ended June 30, 1993 and 1992, respectively. Net sales surpassed the prior year due to improved domestic car and truck production on established seating programs in the second half of the fiscal year ended June 30, 1993 coupled with a new Ford passenger car program and the attainment of targeted production levels for a General Motors truck program introduced in the fall of 1991.

Operating income and operating margin were $51.8 million and 6.8% in the fiscal year ended June 30, 1993 and $32.0 million and 5.4% in the fiscal year ended June 30, 1992. The growth in operating income and operating margin was due to the benefits derived from incremental volume on established and new seating programs, productivity improvements and improved operating performance at new seat cover facilities. Partially offsetting the increase in operating income were participation in customer cost reduction programs and preproduction costs associated with a new seating program.

Canadian Operations

Net sales from Canadian operations were $372.0 million in the fiscal year ended June 30, 1993 and $403.4 million in the fiscal year ended June 30, 1992. Net sales in the fiscal year ended June 30, 1993 were adversely impacted by market demand and vehicle inventories as General Motors announced temporary plant shutdowns and production adjustments on existing passenger car and light truck programs.

Operating income and operating margin were $15.3 million and 4.1% in the fiscal year ended June 30, 1993 and $14.7 million and 3.6% in the fiscal year ended June 30, 1992. Operating income in the fiscal year ended June 30, 1993 benefited

from productivity improvement programs, favorable exchange rate fluctuations and improved operating performance at a new seat facility. Partially offsetting the increase in operating income were reduced vehicle production schedules on existing programs and engineering costs associated with a future Ford seating program.

European Operations

Net sales in Europe were $432.5 million in the fiscal year ended June 30, 1993 and $268.2 million in the fiscal year ended June 30, 1992. Net sales exceeded the prior year due to the addition of new operations in Germany and Austria, the full year impact resulting from the acquisition of facilities in Sweden and Finland and incremental volume on carryover programs in Germany. Partially offsetting the increase in net sales were reduced vehicle production schedules for established seating programs in Sweden and unfavorable exchange rate fluctuations.

The Company's European operations sustained an operating loss of $3.9 million in the fiscal year ended June 30, 1993 as compared to operating income of $3.0 million in the fiscal year ended June 30, 1992. The $6.9 million unfavorable variance in the fiscal year ended June 30, 1993 was the result of lower margin products introduced at an established facility in Germany, technical and administration costs required to support European manufacturing facilities, a retroactive price increase recognized in the first half of the fiscal year ended June 30, 1992 and the devaluation of the Swedish krona, which was partially offset by the favorable impact of foreign exchange rates. Also contributing to the decrease in operating income were reserves established by the Company for the anticipated plant shutdown costs at a dedicated facility in Finland due to the customer transfer of production to alternative locations in Europe. Partially offsetting the decrease in operating income was the overall growth in sales activity, including production from new programs in Germany and Austria and to the full year contribution of facilities in Sweden and Finland of which the Company assumed control in the fiscal year ended June 30, 1992.

Mexican Operations

Net sales in Mexico were $186.3 million in the fiscal year ended June 30, 1993 and $154.1 million in the fiscal year ended June 30, 1992. Net sales increased due to increased production activity on established General Motors, Ford, Volkswagen and Chrysler programs.

Operating income and operating margin in Mexico were $17.9 million and 9.6% in the fiscal year ended June 30, 1993 and $7.1 million and 4.7% in the fiscal year ended June 30, 1992. The increase in operating income and operating margin in the fiscal year ended June 30, 1993 as compared to the prior fiscal year was due to the benefit of additional sales, productivity improvement programs and improved manufacturing performance at a seat cover facility.

LIQUIDITY AND FINANCIAL CONDITION

On November 29, 1994, the Company amended and restated its Amended and Restated Credit Agreement (as amended and restated, the "Credit Agreement"), which increased the Company's total availability to $500.0 million from $425.0 million, reduced the Company's bank borrowing costs by approximately 25 basis points and enabled the Company to finance a portion of the FSB acquisition. As of December 31, 1994 the Company had $183.4 million outstanding under the Credit Agreement ($61.5 million of which was outstanding under letters of credit), resulting in $316.6 million unused and available. In addition, the Company had $28.7 million of long-term debt outstanding with various governmental authorities and banks. As of December 31, 1994, the Company had $32.0 million in net cash and cash equivalents.

Amounts available under the Credit Agreement will be reduced by $58.75 million every six months beginning November 30, 1997, and the Credit Agreement will expire on November 30, 1999. Excluding amounts outstanding under the Credit Agreement which will be due upon the expiration of the Credit Agreement, the Company's scheduled principal payments on long-term debt are $1.8 million in 1995, $1.9 million for each of the next three calendar years and $1.4 million in 1999.

Net cash provided by operating activities increased to $155.7 million in the year ended December 31, 1994, compared to $113.3 million for the same period in 1993 primarily as a result of higher operating earnings. The net change in working capital, while slightly less favorable than in 1993, contributed $30.4 million to net cash.

The net change in working capital declined from a source of $58.4 million in 1993 to a source of $30.4 million as a result of higher reimbursable pre-production development and production tooling attributable to 1994 and 1995 new programs. Increases in receivable, inventory and payable levels were consistent with the 61.4% increase in net sales. As a result of improved asset management, receivable and inventory levels actually decreased as a percent of net sales in the year ended December 31, 1994.

Net cash used by investing activities was $195.6 and $214.8 million for years ended December 31, 1994 and 1993, respectively. As discussed in Notes 7 and 8 of the Notes to Consolidated Financial Statements, the Company acquired the Fiat Seat Business in December 1994 for $88.0 million cash plus assumed liabilities and the NAB acquisition in November 1993 for $172.1 million (including fees and expenses).

The Company's total debt as a percentage of total capitalization decreased to 70% at December 31, 1994 from 91% at December 31, 1993. On April 13, 1994, the Company received net proceeds of $103.6 million from the initial public offering of its common stock. These proceeds were used to reduce the amount outstanding under the Credit Agreement. As a result, net cash provided by financing activities decreased to $17.6 million in calendar 1994 from $127.5 million in 1993. The NAB acquisition in November 1993 and the FSB acquisition in December 1994 were both financed with borrowings under the Credit Agreement.

In February 1994, the Company took advantage of the favorable interest rate environment by refinancing $135.0 million in aggregate principal amount of its 14% Subordinated Debentures due 2000 by issuing $145.0 million aggregate principal amount of 8 1/4% Subordinated Notes due 2002. The additional proceeds were used to pay a 5.4% call premium and a portion of the accrued interest due on the redemption of the 14% Subordinated Debentures.

CAPITAL EXPENDITURES

During the fiscal year ending December 31, 1994, capital expenditures aggregated approximately $103.1 million, of which approximately $61.8 million related to the addition of new facilities and other expenditures for new programs, with the remainder spent for increased capacity at existing facilities and ongoing maintenance requirements. For the fiscal year ended June 30, 1993 and 1992, capital expenditures of the Company were $31.6 million and $27.9 million, respectively. The Company estimates that it spent, in the aggregate, $15.0 million and $10.0 million in the fiscal years ended June 30, 1993 and 1992, respectively, for equipment replacement and refurbishment. For the six months ended December 31, 1993, capital expenditures of the Company were $29.0 million. For 1995, the Company anticipates capital expenditures of approximately $95.0 million. Approximately $50.0 million is designated for new programs and facilities, replacement programs and investment in the Company's worldwide engineering and product testing capabilities.

During the years ended December 31, 1994 and 1993 and the years ended June 30, 1993 and 1992, cash generated from operations and funds available under the Credit Agreement were sufficient to meet the Company's debt service and capital expenditure requirements. The Company believes that cash flows from operations and funds available from existing credit facilities (principally the Credit Agreement) will be sufficient to meet its future debt service obligations, projected capital expenditures and working capital requirements.

ENVIRONMENTAL MATTERS

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

The Company has been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), for the cleanup of contamination from hazardous substances at three Superfund sites where liability has not been completely determined. The

Company has also been identified as a PRP at two additional sites. Management believes that the Company is, or may be, responsible for less than one percent, if any, of the total costs at the three Superfund sites. Expected liability at the two 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 December 1994, the Mexican peso experienced a devaluation of approximately 35%. Because the Company consolidates its Mexican subsidiary as of the end of November, the effects of this devaluation are not included in the Company's consolidated financial statements. The devaluation is expected to result in a decrease in stockholders' equity of approximately $10.4 million based on exchange rates at December 31, 1994. The effect on the results of operations is not expected to be material.

In November 1992, the Financial Accounting Standards Board issued SFAS 112, "Employers Accounting for Post-Employment Benefits." This statement requires that employers accrue the cost of post-employment benefits during the employees' active service. The Company adopted this statement effective January 1, 1994. The adoption of this statement did not have a material effect on the Company's financial position or results of operations.

ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Lear Seating Corporation:

We have audited the accompanying consolidated balance sheets of LEAR SEATING CORPORATION AND SUBSIDIARIES ("the Company") as of December 31, 1994 and 1993 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1994 and 1993 and the results of its operations and its cash flows for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, in conformity with generally accepted accounting principles.

As discussed in Note 14 to the consolidated financial statements, as of July 1, 1993, the Company changed its method of accounting for post-retirement benefits other than pensions.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan,
February 15, 1995.

LEAR SEATING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

ASSETS	December 31, 1994	December 31, 1993
CURRENT ASSETS:		
Cash and cash equivalents	$ 32.0	$ 55.0
Accounts receivable, less allowance for doubtful accounts of $1.2 million at December 31, 1994 and $.6 million at December 31, 1993	579.8	272.4
Inventories	126.6	71.7
Unbilled customer tooling	53.5	19.4
Other	26.4	15.1
	818.3	433.6
PROPERTY, PLANT AND EQUIPMENT:		
Land	36.6	31.3
Buildings and improvements	141.1	114.5
Machinery and equipment	310.6	210.7
Construction in progress	16.2	5.0
	504.5	361.5
Less- Accumulated depreciation	(150.3)	(110.5)
	354.2	251.0
OTHER ASSETS:		
Goodwill, less accumulated amortization of $62.3 million at December 31, 1994 and $50.9 million at December 31, 1993	499.5	403.7
Deferred financing fees, net	12.8	14.3
Investments in affiliates and other	30.3	11.7
	542.6	429.7
	$ 1,715.1	$ 1,114.3

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE DATA)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1994	December 31, 1993
CURRENT LIABILITIES:		
Short-term borrowings	$ 84.1	$ 48.2
Cash overdrafts	27.6	19.8
Accounts payable	656.7	298.3
Accrued liabilities	210.9	138.3
Current portion of long-term debt	1.9	1.2
	981.2	505.8
LONG-TERM LIABILITIES:		
Deferred national income taxes	25.3	15.9
Long-term debt	418.7	498.3
Other	76.3	38.7
	520.3	552.9
COMMITMENTS AND CONTINGENCIES		
COMMON STOCK SUBJECT TO REDEMPTION:		
Common stock subject to limited rights of redemption, $.01 par value, 990,033 shares at December 31, 1993 at the maximum redemption price of $13.64 per share	-	13.5
Notes receivable from sale of common stock	-	(1.1)
	-	12.4
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 150,000,000 shares authorized at December 31, 1994 and 1993, 46,088,278 shares issued at December 31, 1994 and 37,809,981 shares issued at December 31, 1993, net of shares subject to redemption	.5	.4
Additional paid-in capital	274.3	156.5
Notes receivable from sale of common stock	(1.0)	-
Warrants exercisable for common stock	-	10.0
Less - Common stock held in treasury, 10,230 shares at December 31, 1994 and 3,300,000 shares at December 31, 1993, at cost	(.1)	(10.0)
Retained deficit	(49.4)	(109.2)
Minimum pension liability adjustment	(5.8)	(4.2)
Cumulative translation adjustment	(4.9)	(.3)
	213.6	43.2
	$1,715.1	$1,114.3

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Net sales	$3,147.5	$1,950.3	$1,005.2	$1,756.5	$1,422.7
Cost of sales	2,883.9	1,780.1	933.0	1,604.0	1,307.1
Selling, general and administrative expenses	82.6	62.7	27.7	61.9	50.1
Incentive stock and other compensation expense	-	18.0	18.0	-	-
Amortization of goodwill	11.4	9.9	4.7	9.5	8.7
Operating income	169.6	79.6	21.8	81.1	56.8
Interest expense	46.7	45.6	24.8	47.8	55.2
Foreign currency exchange (gain) loss	(.3)	.1	(.2)	.5	.3
Other expense, net	8.6	7.8	6.5	4.4	7.8
Income (loss) before provision for national income taxes, minority interests in net income of subsidiaries, equity (income) loss of affiliates and extraordinary item	114.6	26.1	(9.3)	28.4	(6.5)
Provision for national income taxes	55.0	26.9	13.4	17.8	12.9
Minority interests in net income of subsidiaries	.5	.3	.1	.5	.7
Equity (income) loss of affiliates	(.7)	1.0	.2	-	(3.0)
Income (loss) before extraordinary item	59.8	(2.1)	(23.0)	10.1	(17.1)
Extraordinary loss on early extinguishment of debt	-	11.7	11.7	-	5.1
Net income (loss)	$ 59.8	$ (13.8)	$ (34.7)	$ 10.1	$ (22.2)
Net income (loss) per common share, as adjusted (Note 1): Income (loss) before extraordinary item	$ 1.26	$ (.06)	$ (.65)	$ .25	$ (.62)
Extraordinary loss	-	(.33)	(.33)	-	(.18)
Net income (loss) per common share	$ 1.26	$ (.39)	$ (.98)	$ .25	$ (.80)

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN MILLIONS, EXCEPT SHARE DATA)

	Common Stock	Additional Paid-in Capital	Warrants Exercisable for Common Stock	Treasury Stock	Note Receivable from sale of Common Stock	Retained Deficit	Minimum Pension Liability Adjustment	Cumulative Translation Adjustment	Total
BALANCE, JUNE 30, 1991	$ -	$ 60.9	$ 10.0	$ (10.1)	$ -				
Net loss	-	-	-	-	-				
Re-acquisition of 62,700 shares of common stock subject to redemption from management investors, at cost	-	.2	-	(.2)	-				
Sale of additional 14,999,985 shares of common stock, net of transaction costs	-	72.4	-	-	-				
Recognize minimum pension liability adjustment	-	-	-	-	-				
Foreign currency translation	-	-	-	-	-				
Restate common stock subject to redemption to maximum redemption value	-	(1.8)	-	-	-				
BALANCE, JUNE 30, 1992	-	131.7	10.0	(10.3)	-				
Net loss	-	-	-	-	-				
Sale of additional 3,999,996 shares of common stock, net of transaction costs	-	19.6	-	-	-				
Sale of 84,183 shares of treasury stock to management investors	-	(.3)	-	.3	-				
Foreign currency translation	-	-	-	-	-				
BALANCE, JANUARY 2, 1993	-	151.0	10.0	(10.0)	-				
Net income	-	-	-	-	-				
Minimum pension liability adjustment	-	-	-	-	-				
Foreign currency translation	-	-	-	-	-				
BALANCE, JUNE 30, 1993	-	151.0	10.0	(10.0)	-				
Net loss	-	-	-	-	-				
Incentive stock option compensation	-	14.5	-	-	-				
Minimum pension liability adjustment	-	-	-	-	-				
Foreign currency translation	-	-	-	-	-				
Restate common stock subject to redemption to maximum redemption value	-	(8.6)	-	-	-				
Thirty-three-for-one stock split	.4	(.4)	-	-	-				
BALANCE, DECEMBER 31, 1993	.4	156.5	10.0	(10.0)	-				
Net income	-	-	-	-	-				
Sale of additional 7,187,500 shares of common stock, net of transaction costs	.1	103.5	-	-	-				
Exercise of stock options	-	.7	-	-	-				
Exercise of warrants	-	-	(10.0)	10.0	-				
Elimination of common stock subject to redemption	-	13.5	-	-	(1.1)				
Repayment of stockholders' note receivable	-	-	-	-	.1				
Purchase of 21,450 shares of treasury stock	-	-	-	(.1)	-				
Sale of 11,220 shares of treasury stock	-	.1	-	-	-				
Minimum pension liability adjustment	-	-	-	-	-				
Foreign currency translation	-	-	-	-	-				
BALANCE, DECEMBER 31, 1994	$ .5	$ 274.3	$ -	$ (.1)	$ (1.0)				

BALANCE, JUNE 30, 1991	$ (62.4)	$ -	$ 6.0	$ 4.4
Net loss	(22.2)	-	-	(22.2)
Re-acquisition of 62,700 shares of common stock subject to redemption from management investors, at cost	-	-	-	-
Sale of additional 14,999,985 shares of common stock, net of transaction costs	-	-	-	72.4
Recognize minimum pension liability adjustment	-	(2.8)	-	(2.8)
Foreign currency translation	-	-	(.6)	(.6)
Restate common stock subject to redemption to maximum redemption value	-	-	-	(1.8)
BALANCE, JUNE 30, 1992	(84.6)	(2.8)	5.4	49.4
Net loss	(10.8)	-	-	(10.8)
Sale of additional 3,999,996 shares of common stock, net of transaction costs	-	-	-	19.6
Sale of 84,183 shares of treasury stock to management investors	-	-	-	-
Foreign currency translation	-	-	(4.7)	(4.7)
BALANCE, JANUARY 2, 1993	(95.4)	(2.8)	.7	53.5
Net income	20.9	-	-	20.9
Minimum pension liability adjustment	-	(.4)	-	(.4)
Foreign currency translation	-	-	1.1	1.1
BALANCE, JUNE 30, 1993	(74.5)	(3.2)	1.8	75.1
Net loss	(34.7)	-	-	(34.7)
Incentive stock option compensation	-	-	-	14.5
Minimum pension liability adjustment	-	(1.0)	-	(1.0)
Foreign currency translation	-	-	(2.1)	(2.1)
Restate common stock subject to redemption to maximum redemption value	-	-	-	(8.6)
Thirty-three-for-one stock split	-	-	-	-
BALANCE, DECEMBER 31, 1993	(109.2)	(4.2)	(.3)	43.2
Net income	59.8	-	-	59.8
Sale of additional 7,187,500 shares of common stock, net of transaction costs	-	-	-	103.6
Exercise of stock options	-	-	-	.7
Exercise of warrants	-	-	-	-
Elimination of common stock subject to redemption	-	-	-	12.4
Repayment of stockholders' note receivable	-	-	-	.1
Purchase of 21,450 shares of treasury stock	-	-	-	(.1)
Sale of 11,220 shares of treasury stock	-	-	-	.1
Minimum pension liability adjustment	-	(1.6)	-	(1.6)
Foreign currency translation	-	-	(4.6)	(4.6)
BALANCE, DECEMBER 31, 1994	$ (49.4)	$ (5.8)	$(4.9)	$ 213.6

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 59.8	$ (13.8)	$ (34.7)	$ 10.1	$ (22.2)
Adjustments to reconcile net income (loss) to net cash provided by operating activities-					
Depreciation and amortization of goodwill	56.1	42.6	21.9	40.7	35.0
Incentive stock option compensation	-	14.5	14.5	-	-
Accreted interest on Senior Subordinated Discount Notes	-	-	-	-	4.7
Amortization of deferred financing fees	2.4	2.6	1.1	3.0	3.2
Deferred national income taxes	(.3)	(12.3)	(.1)	(10.9)	(1.7)
Post-retirement benefits accrued	7.3	3.3	3.3	-	-
Loss on retirement of property, plant and equipment	-	6.8	6.4	.4	.1
Extraordinary loss	-	11.7	11.7	-	5.1
Other, net	-	(.5)	.4	.4	(3.0)
Net change in working capital items	30.4	58.4	(7.4)	50.8	26.8
Net cash provided by operating activities	155.7	113.3	17.1	94.5	48.0
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to property, plant and equipment	(103.1)	(45.9)	(29.0)	(31.6)	(27.9)
Acquisitions	(88.0)	(172.1)	(172.1)	-	(.7)
Proceeds from sale of property, plant and equipment	.5	1.0	.1	1.0	1.0
Other, net	(5.0)	2.2	2.3	(.1)	1.6
Net cash used by investing activities	(195.6)	(214.8)	(198.7)	(30.7)	(26.0)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Long-term revolving credit borrowings, net (Note 11)	(108.8)	225.5	230.7	(24.1)	(10.3)
Additions to other long-term debt	164.0	-	-	125.0	20.0
Reductions in other long-term debt	(137.4)	(103.6)	(54.2)	(154.1)	(69.2)
Short-term borrowings, net	(10.7)	12.8	17.7	(10.8)	(15.3)
Proceeds from sale of common stock, net	103.7	-	-	20.0	72.4
Deferred financing fees	(.7)	(10.5)	(10.5)	(5.0)	(1.8)
Increase (decrease) in cash overdrafts	7.5	3.3	2.5	9.0	(10.9)
Other, net	-	-	-	-	(.1)
Net cash provided (used) by financing activities	17.6	127.5	186.2	(40.0)	(15.2)
Effect of foreign currency translation	(.7)	(2.5)	(3.4)	(3.2)	.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	(23.0)	23.5	1.2	20.6	7.3
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	55.0	31.5	53.8	33.2	25.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 32.0	$ 55.0	$ 55.0	$ 53.8	$ 33.2
CHANGES IN WORKING CAPITAL, NET OF EFFECTS OF ACQUISITIONS:					
Accounts receivable, net	$ (120.4)	$ (83.5)	$ (60.3)	$ (42.5)	$ (42.3)
Inventories	(31.5)	2.9	(4.2)	4.2	(6.1)
Accounts payable	183.3	94.0	56.4	49.6	62.1
Accrued liabilities and other	(1.0)	45.0	.7	39.5	13.1
	$ 30.4	$ 58.4	$ (7.4)	$ 50.8	$ 26.8
SUPPLEMENTARY DISCLOSURE:					
Cash paid for interest	$ 35.5	$ 42.1	$ 20.2	$ 41.1	$ 47.6
Cash paid for income taxes	$ 44.1	$ 15.7	$ 4.3	$ 21.8	$ 12.1

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Lear Seating Corporation ("the Company"), a Delaware corporation, and its wholly-owned and majority-owned subsidiaries. Investments in less than majority-owned businesses are generally accounted for under the equity method (Note 9).

Prior to December 31, 1993, the Company was a wholly-owned subsidiary of Lear Holdings Corporation ("Holdings"). On December 31, 1993, Holdings was merged with and into the Company and the separate corporate existence of Holdings ceased (the "Merger"). The Merger has been accounted for and reflected in the accompanying financial statements as a merger of companies under common control. As such, the financial statements of the Company have been restated as if the post-Merger structure had existed for all periods presented.

In February 1994, the Company changed its fiscal year end from June 30 to December 31, effective December 31, 1993. Accordingly, the year ended December 31, 1993 does not constitute a fiscal year.

A 33-for-1 split of the Company's common stock was effective as of the Company's initial public offering date (Note 3). All references to the numbers of shares of common stock, stock options, warrants and income (loss) per share in the accompanying consolidated financial statements and notes thereto have been adjusted to give effect to the split.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Significant transactions and balances among the Company and its subsidiaries have been eliminated in the consolidated financial statements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Inventories are comprised of the following (in millions):

	December 31,	
	1994	1993
Raw materials	$ 93.4	$ 42.5
Work-in-process	13.9	23.4
Finished goods	19.3	5.8
	$126.6	$ 71.7

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciable property is depreciated over the estimated useful lives of the assets, using principally the straight-line method as follows:

Buildings and improvements	20 to 25 years
Machinery and equipment	5 to 15 years

Goodwill

Goodwill consists of the excess of the purchase price and related acquisition costs over the fair value of identifiable net assets acquired. Goodwill is amortized on a straight-line basis over 40 years. The Company evaluates the carrying value of goodwill for potential impairment on an ongoing basis. Such evaluations compare operating income before amortization of goodwill of the operations to which goodwill relates to the amortization recorded. The Company also considers future anticipated operating results, trends and other circumstances in making such evaluations.

Deferred Financing Fees

Costs incurred in connection with the issuance of debt are amortized over the term of the related indebtedness using the effective interest method.

Research and Development

Costs incurred in connection with the development of new products and manufacturing methods are charged to operations as incurred. Such costs amounted to $21.9 million, $16.2 million, $7.1 million, $18.2 million and $11.4 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, respectively.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at the end of the period. Revenue and expense accounts are translated using an average of exchange rates in effect during the period. Translation adjustments that arise from translating a foreign subsidiary's financial statements from the functional currency to U.S. dollars are reflected as cumulative translation adjustment in the consolidated balance sheets.

Until December 31, 1992, non-monetary assets and liabilities of a foreign subsidiary operating in Mexico were translated using historical rates, while monetary assets and liabilities were translated at the exchange rates in effect at the end of the period, with the U.S. dollar effects of exchange rate changes included in the results of operations. As of January 1, 1993, Mexico's economy was no longer deemed to be highly inflationary, and since then, the accounts of the subsidiary operating in Mexico have been translated consistent with other foreign subsidiaries.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, except those transactions which operate as a hedge of a foreign currency investment position, are included in the results of operations as incurred.

During December 1994, the Mexican peso experienced a devaluation of approximately 35%. Because the Company consolidates its Mexican subsidiary as of the end of November, the effects of this devaluation are not included in the consolidated financial statements. The devaluation is expected to result in a decrease in stockholders' equity of approximately $10.4 million, based on exchange rates at December 31, 1994, and the effect on the results of operations is not expected to be material.

Income Taxes

The consolidated financial statements reflect the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", for all periods presented. Since the year ended December 31, 1993 does not constitute a fiscal year, the consolidated national income tax provision for this period was determined based upon the provisions of APB Opinion No. 28, "Interim Financial Reporting."

Deferred national income taxes represent the effect of cumulative temporary differences between income and expense items reported for financial statement and tax purposes, and between the bases of various assets and liabilities for financial statement and tax purposes. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is deemed more likely than not that the asset will not be realized.

Weighted Average Shares Outstanding

The weighted average number of common shares outstanding for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992 were 47,438,477, 35,500,014, 35,500,014, 40,049,064 and 27,768,312, respectively. Shares exercisable under the 1988, 1992 and 1994 Stock Option Plans and warrants (Note 16) are included in the weighted average share calculation for the years ended December 31, 1994 and June 30, 1993. These shares are not included in the calculation of weighted average common shares outstanding in other periods as their impact would be anti-dilutive.

Industry Segment Reporting

The Company is principally engaged in the design and manufacture of automotive seating and, therefore, separate industry segment reporting is not applicable.

Reclassifications

Certain items in prior years' financial statements have been reclassified to conform with the presentation used in the year ended December 31, 1994.

(3) 1994 INITIAL PUBLIC OFFERING

In April 1994, the Company completed an initial public offering of its common stock (the "IPO"), pursuant to which the Company sold 7,187,500 shares of its common stock for total proceeds of approximately $111.4 million. Fees and expenses related to the IPO totaled $7.8 million, including approximately $.9 million paid to Lehman Brothers Inc. The net proceeds of the offering were used to reduce outstanding borrowings under the Credit Agreement (Note 11).

In the same offering, FIMA Finance Management Inc., ("FIMA") a wholly-owned subsidiary of EXOR Group S.A. (formerly IFINT S.A.), sold 3,125,000 shares of the Company's common stock in the public market. The Company received no proceeds from the sale of these shares.

On a pro forma basis, assuming the IPO had taken place as of January 1, 1994, the consolidated results of operations of the Company would have been as follows (Unaudited; in millions, except per share data):

	Year Ended December 31, 1994
Net income	$60.5
Net income per common share	1.22

The pro forma information above does not purport to be indicative of the results that actually would have been achieved if the IPO had occurred as of January 1, 1994, and is not intended to be a projection of future results or trends.

(4) 1994 REFINANCING

On February 3, 1994, the Company completed a public offering of $145.0 million of 8 1/4% Subordinated Notes, due 2002 (the "8 1/4% Notes"). The 8 1/4% Notes require interest payments semi-annually on February 1 and August 1. Fees and expenses related to the issuance of the 8 1/4% Notes were approximately $5.0 million, including underwriting fees of $2.4 million paid to Lehman Brothers Inc.

The net proceeds from the sale of the 8 1/4% Notes were used to finance the redemption of the 14% Subordinated Debentures. Simultaneous with the sale of the 8 1/4% Notes, the Company called the 14% Subordinated Debentures for redemption on March 4, 1994, at a redemption price equal to 105.4% of the outstanding principal amount of $135.0 million, plus accrued interest to the redemption date. The premium for early extinguishment of the 14% Subordinated Debentures and the accelerated amortization of deferred financing fees totaled approximately $10.7 million. This amount has been reflected as an extraordinary loss in the periods ending December 31, 1993. The deferred tax benefit related to this extraordinary loss was offset by a valuation allowance.

(5) 1992 REFINANCING AND SALE OF COMMON STOCK

On July 30, 1992, the Company sold $125.0 million of 11 1/4% Senior Subordinated Notes (the "11 1/4% Notes"). Fees and expenses related to issuance of the 11 1/4% Notes were approximately $5.0 million, including consulting and underwriting fees of $2.2 million paid to Lehman Brothers Inc. and $.1 million paid to FIMA for consulting fees.

Simultaneous with the sale of the 11 1/4% Notes, the Company issued 3,999,996 shares of common stock to the four merchant banking partnerships affiliated with Lehman Brothers Inc. (the "Lehman Funds") and FIMA for total proceeds of approximately $20.0 million. Fees and expenses related to the sale were $.4 million paid to the Lehman Funds and FIMA. Certain management investors also purchased 84,183 shares of common stock previously held in treasury for approximately $.4 million.

On August 14, 1992, the Company redeemed the 14 1/4% Senior Subordinated Discount Notes (the "Discount Notes") at a redemption price equal to 103% of the outstanding principal amount of $85.0

million plus accrued interest. The prepayment premium for early extinguishment of these notes and the accelerated amortization of deferred financing fees totaled approximately $4.7 million and have been reflected as an extraordinary loss in the year ended June 30, 1992. The deferred tax benefit related to this extraordinary loss was offset by a valuation allowance.

A portion of the net proceeds from the sale of the 11 1/4% Notes and common stock described above were used to finance the redemption of the Discount Notes and to prepay $15.0 million of the Domestic Term Loan. The balance of the proceeds was designated for temporary reduction of outstanding borrowings on the Domestic Revolving Credit Loan, expansion of the Company's operations and for general corporate purposes.

(6) 1991 CAPITALIZATION AND RELATED TRANSACTIONS

Pursuant to a Stock Purchase Agreement dated September 27, 1991 (the "1991 Agreement"), the Company issued 14,999,985 shares of common stock to the Lehman Funds and FIMA, for total proceeds of approximately $75.0 million. Fees and expenses related to the sale and the transactions described below approximated $7.6 million, of which approximately $3.2 million was charged to other expense and approximately $1.8 million was capitalized as deferred financing fees. Such fees and expenses included $4.5 million paid to Lehman Brothers Inc.

The Lehman Funds and FIMA also purchased all of the outstanding common stock and warrants owned by the Company's former majority owner, General Electric Capital Corporation ("GECC"), and certain other stockholders.

Simultaneous with the sale of common stock, the Company obtained a $20.0 million real estate mortgage from GECC.

The net proceeds from the sale of common stock and the real estate mortgage were used primarily to reduce outstanding borrowings on the Domestic Revolving Credit Loan and to prepay the Domestic Term Loan. A write-off of deferred financing fees of $.4 million related to the prepayment of the Domestic Term Loan was recognized as an extraordinary loss in the consolidated statement of operations for the year ended June 30, 1992. The deferred tax benefit related to this extraordinary loss was offset by a valuation allowance.

The 1991 Agreement required the Company to make certain representations and warranties prior to the sale with respect to its tax position and title to the new shares. The Company is required to indemnify the parties to the Agreement for any aggregate losses, liabilities, claims or expenses arising from a breach of the aforementioned representations and warranties. Management is not currently aware of any information or condition which will require indemnification under the terms of the Agreement.

(7) FSB ACQUISITION

On December 15, 1994, the Company purchased from Gilardini S.p.A., an Italian Corporation, all of the outstanding common stock of Sepi S.p.A., an Italian Corporation, all of the outstanding common stock of Sepi Poland S.p. Z o.o. and a 35% interest in a Turkish joint venture (collectively, the "Fiat Seat Business", or "FSB"). The FSB is engaged in the design and manufacture of automotive seating, with its principal customers being Fiat S.p.A. and its affiliates ("Fiat"). In connection with this transaction, the Company and Fiat entered into a long-term supply agreement for certain products produced by the FSB.

The acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed in the acquisition have been reflected in the accompanying balance sheet as of December 31, 1994. The operations of the FSB since the acquisition are not material to the statement of operations of the Company for the year ended December 31, 1994. The purchase price was allocated to the purchased assets as follows (in millions):

Cash consideration paid to seller, net of cash acquired of $6.9 million	$ 85.3
Deferred purchase price, due 1998	12.3
Short-term borrowings from Fiat assumed	66.7
Fees and expenses, including $1.5 million not yet paid	4.2
Receivable from seller	(1.2)
Cost of acquisition	$ 167.3
Property, plant and equipment	$ 72.2
Investment in Industrias Cousin Freres, S.L. (Note 9)	4.9
Employee termination indemnities assumed	(17.8)
Net non-cash working capital	15.4
Other assets purchased and liabilities assumed, net	(12.5)
Goodwill	105.1
Total cost allocation	$ 167.3

A portion of the purchase price had not yet been paid as of December 31, 1994. The remaining payments are included in the accompanying consolidated balance sheet as of December 31, 1994 in other long-term liabilities.

The cash portion of the purchase price was financed with borrowings under the Company's Credit Agreement (Note 11). The purchase price and related allocation may be revised in the next year based on revisions of preliminary estimates of fair values made at the date of purchase. Such changes are not expected to be significant.

Assuming the acquisition had taken place as of the beginning of each period presented, the consolidated pro forma results of operations of the Company would have been as follows, after giving effect to certain adjustments, including certain operations adjustments consisting principally of management's estimates of the effects of product pricing adjustments negotiated in connection with the acquisition, increased interest expense, depreciation adjustments and goodwill amortization, estimated engineering savings, the elimination of certain costs assumed by the seller and the related income tax effects (Unaudited; in millions, except per share data):

	Year Ended December 31,	
	1994	1993
Net sales	$ 3,603.4	$ 2,317.3
Income (loss) before extraordinary item	35.7	(22.8)
Net income (loss)	35.7	(34.5)
Income (loss) per common share before extraordinary item	.75	(.64)
Net income (loss) per common share	.75	(.97)

The pro forma information above does not purport to be indicative of the results that actually would have been achieved if the operations were combined during the periods presented, and is not intended to be a projection of future results or trends.

(8) NAB ACQUISITION

On November 1, 1993, the Company purchased certain assets of the Plastics and Trim Products Division of Ford Motor Company ("Ford") consisting of (i) the U.S. operations that supply seat trim and trimmed seat assemblies to Ford which are manufactured by Favesa, S.A. de C.V.; (ii) all of the shares of Favesa, a maquiladora operation located in Juarez, Mexico; and (iii) certain inventories and assets employed in the operation of the NAB (collectively, the "NAB"). In connection with this transaction, the Company and Ford entered into a long-term supply agreement for certain products produced by these operations at agreed upon prices.

This acquisition was accounted for as a purchase, and accordingly, the operating results of the NAB have been included in the accompanying financial statements since the date of acquisition. The purchase price, after giving effect to an adjustment related to changes in the NAB working capital, consisted of the following and has been allocated to the net assets purchased as follows (in millions):

Cash consideration paid to seller, net of cash acquired of $2.7 million	$170.7
Execution of promissory notes (Notes 10 and 11)	10.5
Fees and expenses (including $.5 million paid to Lehman Brothers Inc.)	1.4
Cost of acquisition	$182.6
Property, plant and equipment	$ 79.8
Net non-cash working capital	1.7
Other assets purchased and liabilities assumed,	(3.0)
Goodwill	104.1
Total cost allocation	$182.6

The cash portion of the purchase price was financed with borrowings under the Company's domestic Credit Agreement (Note 11).

As part of the NAB acquisition, the Company acquired and has exercised an option to cause Ford to purchase two facilities in consideration of Ford canceling a $19.9 million note payable (Note 10). The Company exercised this option, and the sale of these facilities occurred in March 1994. The Company leased one of these facilities until August 1994.

Assuming the acquisition had taken place as of the beginning of each period presented, the consolidated pro forma results of operations of the Company would have been as follows, after giving effect to certain adjustments, including certain operations adjustments consisting principally of managements' estimates of the effects of product pricing adjustments negotiated in connection with the acquisition and incremental ongoing NAB engineering, overhead and administrative expenses, increased interest expense and goodwill amortization and the related income tax effects (Unaudited; in millions, except per share data):

	Year Ended December 31, 1993	Six Months Ended December 31, 1993	Year Ended June 30, 1993
Net sales	$2,361.4	$1,159.5	$2,235.2
Income (loss) before extraordinary item	5.1	(19.6)	26.6
Net income (loss)	(6.6)	(31.3)	26.6
Income (loss) per common share before extraordinary item	.12	(.55)	.66
Net income (loss) per common share	(.16)	(.88)	.66

The pro forma information above does not purport to be indicative of the results that actually would have been achieved if the operations were combined during the periods presented, and is not intended to be a projection of future results or trends.

(9) INVESTMENTS IN AFFILIATES

The investments in affiliates are as follows:

	Percent Beneficial Ownership			
	December 31,		June 30,	
	1994	1993	1993	1992
Industrias Cousin Freres, S.L. (Spain)	49%	-%	-%	-%
Lear Seating Thailand Corporation	49	-	-	-
Markol Otomotiv Yan Sanayi Ve Ticart (Turkey)	35	-	-	-
General Seating of America, Inc.	35	35	35	35
General Seating of Canada, Ltd.	35	35	35	35
Probel, S.A. (Brazil)	31	31	31	31
Pacific Trim Corporation Ltd. (Thailand)	20	20	20	20

The above businesses are generally involved in the manufacture of automotive seating and seating components.

All of the above investments in affiliates are accounted for using the equity method, except Probel. In June 1993, the Company revalued its investment in Probel, which was previously accounted for using the cost method, to zero due to continued operating losses and other factors impacting its potential recoverability. A charge of approximately $1.7 million was recorded and is reflected in equity income of affiliates in the consolidated statement of operations in the year ended December 31, 1993 and the year ended June 30, 1993. The investments in Industrias Cousin Freres, S.L. and Markol Otomotiv Yan Sanayi Ve Ticart were acquired as part of the FSB acquisition (Note 7).

The aggregate investment in affiliates was $11.0 million and $4.6 million as of December 31, 1994 and 1993, respectively.

Dividends of approximately $.8 million, $1.0 million and $.9 million were received by the Company in the years ended December 31, 1994 and June 30, 1993 and 1992, respectively, from General Seating of Canada, Ltd. Additionally, a dividend of $.1 million was received from General Seating of America in 1994. No other dividends were received by the Company from affiliates during 1994, 1993 or 1992.

Summarized group financial information for affiliates accounted for under the equity method is as follows (Unaudited; in millions):

	December 31,	
	1994	1993
Balance sheet data:		
Current assets	$ 36.8	$18.3
Non-current assets	25.6	14.1
Current liabilities	24.3	14.5
Non-current liabilities	14.5	5.7

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Income statement data:					
Net sales	$140.4	$122.4	$ 58.4	$119.8	$129.2
Gross profit	14.1	12.6	4.9	13.0	19.3
Income before provision for income taxes	6.0	7.3	2.3	10.8	11.6
Net income	3.9	5.0	1.4	6.6	8.2

The Company had sales to affiliates of approximately $14.0 million, $11.1 million, $5.3 million, $10.7 million and $11.8 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, respectively.

The Company has guaranteed certain obligations of its affiliates. The Company's share of amounts outstanding under guaranteed obligations as of December 31, 1994 amounted to $6.0 million.

(10) SHORT-TERM BORROWINGS

Short-term borrowings are comprised of the following (in millions):

	December 31, 1994	December 31, 1993
Lines of credit	$ 1.0	$ 3.2
Note payable to bank, LIBOR + 3/4%	15.0	15.0
Short-term borrowing, Fiat S.p.A., 9 3/4 % (Note 7)	66.7	-
Unsecured notes payable --		
NAB acquisition note payable, non-interest bearing (Note 8)	1.2	9.3
NAB acquisition note payable, 11 1/2% (Note 8)	-	19.9
Trade acceptance payable, 6% and 7 1/4% at December 31, 1994 and 1993, respectively	.2	.8
	$ 84.1	$ 48.2

At December 31, 1994, the Company has lines of credit available with banks of approximately $61.0 million, subject to certain restrictions imposed by the Credit Agreement (Note 11).

Weighted average interest rates under these agreements at December 31, 1994 and 1993 were 9.1% and 6.3%, respectively.

(11) LONG-TERM DEBT

Long-term debt is comprised of the following (in millions):

	December 31,	
	1994	1993
Domestic revolving credit loan	$121.9	$230.7
German term loan	7.1	7.6
City of Hammond, IN Industrial Revenue Bonds	9.5	-
Development Authority of Clayton County, GA Industrial Revenue Bonds	9.5	-
Loans from Italian Governmental Agencies	2.6	-
	150.6	238.3
Less -- Current portion	(1.9)	(1.2)
	148.7	237.1
Subordinated Debt:		
8 1/4% Subordinated Notes (Note 4)	145.0	-
11 1/4% Senior Subordinated Notes	125.0	125.0
14% Subordinated Debentures (Note 4)	-	135.0
	270.0	260.0
Note Payable	-	1.2
	$418.7	$498.3

In October 1993 and again in November 1994, the Company amended and restated its existing credit agreement with a syndicate of banks to increase available credit and relax certain other provisions under the agreement. The new $500 million revolving credit facility (the "Credit Agreement") enabled the Company to finance the cash portion of the FSB acquisition (Note 7) and to replace the existing Domestic Term Loan and Domestic Revolving Credit Facility which was used to finance the NAB acquisition (Note 8) and retire a $20 million mortgage. The accelerated amortization of deferred financing fees related to the previous Domestic Term Loan and Domestic Revolving Credit Facility and the mortgage totaled approximately $1.5 million. This amount, net of the related tax benefit of $.5 million, has been reflected as an extraordinary loss in the periods ending December 31, 1993. In connection with this transaction, the Company paid $.5 million to Lehman Brothers for consulting fees. In addition, Lehman Commercial Paper, Inc., an affiliate of the Lehman Funds, is a managing agent of the Credit Agreement and received fees of $.7 million.

Loans under the Credit Agreement bear interest at the Eurodollar rate plus 1/2% to 1% or prime rate depending on the satisfaction of certain financial ratios. The Company pays a commitment fee on the

unused balance of the facility of 1/5% to 3/8%, depending on certain ratios. At December 31, 1994, interest was being charged at the Eurodollar rate plus 3/4% and the commitment fee is 1/4%. Amounts available to be drawn under the Credit Agreement will decrease by $58.75 million on each of November 30, 1997, May 31 and November 30, 1998 and May 31, 1999. The facility expires on November 30, 1999.

The Company had available unused long-term revolving credit commitments of $316.6 million at December 31, 1994, net of $61.5 million of outstanding letters of credit. Borrowings on revolving credit loans were $495.2 million, $986.3 million, $820.5 million, $549.2 million and $737.8 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, respectively. Repayments on revolving credit loans were $604.0 million, $760.8 million, $589.8 million, $573.3 million and $748.1 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, respectively.

The German Term Loan bears interest at a stated rate of 9.125%, is payable in Deutschemarks in quarterly installments of approximately $.3 million through March 2000, and is collateralized by certain assets of a German subsidiary.

The Industrial Revenue Bonds (IRBs) are payable in 2024, and bear interest at variable rates which are reset periodically. At the Company's option, the rates can be reset weekly or monthly, or can be fixed for a period of time or through maturity. As of December 31, 1994, the City of Hammond IRB and the Development Authority of Clayton County IRB bore interest rates of 4.0% and 5.9% respectively.

The Loans from Italian Governmental Agencies are payable in installments every six months through 2000, and bear interest at 4.75% and 11.28%.

The 8 1/4% Subordinated Notes, due in 2002, require interest payments semi-annually on February 1 and August 1.

The 11 1/4% Senior Subordinated Notes, due in 2000, require interest payments semi-annually on January 15 and July 15.

The Credit Agreement and Subordinated Debt Agreements contain numerous restrictive covenants. The most restrictive of these covenants are financial covenants related to maintenance of certain levels of net worth, operating profit and interest coverage. The financial covenants generally become more restrictive with the passage of time. These agreements also, among other things, restrict the Company's ability to incur additional indebtedness, declare dividends, make investments and advances, sell assets and limit capital expenditures to specified amounts. The German Term Loan agreement also contains certain restrictive covenants.

As of December 31, 1994, the Company is able to declare limited dividends of up to $2.5 million per quarter. Loans under the Credit Agreement are collateralized by substantially all assets of the Company.

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The scheduled maturities of long-term debt at December 31, 1994 for the five succeeding years are as follows (in millions):

1995	$ 1.8
1996	1.9
1997	1.9
1998	1.9
1999	123.3

(12) NATIONAL INCOME TAXES

A summary of income (loss) before provision for national income taxes and components of the provision for national income taxes for the indicated periods is as follows (in millions):

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Income (loss) before provision for national income taxes, minority interests in net income of subsidiaries, equity (income) loss of affiliates and extraordinary item:					
Domestic	$ 56.4	$ (3.4)	$ (15.1)	$ 6.8	$(20.0)
Foreign	58.2	29.5	5.8	21.6	13.5
	$114.6	$ 26.1	$ (9.3)	$ 28.4	$ (6.5)
Domestic provision for national income taxes:					
Current provision	$ 31.2	$ 7.4	$ 5.4	$ 6.8	$ 2.1
Deferred --					
Deferred provision	-	1.0	.9	1.5	2.6
Benefit of previously unbenefitted net operating loss carryforwards	(2.2)	(3.0)	(1.6)	(2.4)	-
	(2.2)	(2.0)	(.7)	(.9)	2.6
Total domestic provision	29.0	5.4	4.7	5.9	4.7
Foreign provision for national income taxes:					
Current provision	25.1	22.5	9.7	17.4	12.5
Deferred --					
Deferred provision	.9	(1.0)	(1.0)	(1.7)	(2.1)
Adjustment due to changes in enacted tax rates	-	-	-	(1.0)	-
Tax benefit of operating losses	-	-	-	(2.8)	(2.2)
	.9	(1.0)	(1.0)	(5.5)	(4.3)
Total foreign provision	26.0	21.5	8.7	11.9	8.2
Provision for national income taxes	$ 55.0	$ 26.9	$ 13.4	$ 17.8	$ 12.9

The differences between tax provisions calculated at the United States Federal statutory income tax rate of 35% for the periods ended December 31, 1994 and 1993 and 34% for the years ended June 30, 1993 and 1992 and the actual consolidated national income tax provision for the periods indicated are summarized as follows (in millions):

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Income (loss) before provision for national income taxes, minority interests in net income of subsidiaries, equity (income) loss of affiliates and extraordinary item multiplied by the United States Federal statutory rate	$ 40.1	$ 9.1	$ (3.3)	$ 9.7	$ (2.2)
Utilization of domestic net operating loss carryforwards	(2.2)	(3.0)	(1.6)	(2.4)	-
Differences between domestic and effective foreign tax rates	1.3	3.7	2.4	.9	3.6
Operating losses not tax benefited	3.0	4.9	4.3	3.6	8.5
Increase in valuation allowance	3.3	8.8	10.8	.4	-
Domestic income taxes provided on foreign earnings	6.4	.9	.1	1.6	-
Amortization of goodwill	3.0	3.3	1.5	3.2	3.0
Other, net	.1	(.8)	(.8)	.8	-
	$ 55.0	$ 26.9	$ 13.4	$ 17.8	$ 12.9

Deferred national income taxes represent temporary differences in the recognition of certain items for income tax and financial reporting purposes. The components of the net deferred national income tax liability are summarized as follows (in millions):

	December 31, 1994	December 31, 1993
Deferred national income tax liabilities:		
Property and equipment basis differences	$ 22.1	$ 13.8
Financing and intercompany transactions	8.8	9.7
Taxes provided on unremitted foreign earnings	19.4	6.0
Benefit plans	2.0	1.3
Other	5.4	2.6
	$ 57.7	$ 33.4
Deferred national income tax assets:		
Tax credit carryforwards	$ (8.7)	$(23.7)
Tax loss carryforwards	(46.8)	(17.1)
Benefit plans	(9.6)	(6.2)
Accruals	(15.9)	(5.4)
Deferred financing fees	-	(4.7)
Minimum pension liability adjustment	(1.8)	(1.8)
Alternative minimum tax carryforward	-	(.4)
Deferred compensation	(6.3)	(7.6)
Other	(4.8)	(1.3)
	(93.9)	(68.2)
Valuation allowance	58.1	51.4
	(35.8)	(16.8)
Net deferred national income tax liability	$ 21.9	$ 16.6

The classification of the net deferred national income tax liability is summarized as follows (in millions):

	December 31, 1994	December 31, 1993
Deferred tax assets:		
Current	$ (1.8)	$ -
Long-term	(1.6)	(.9)
Deferred tax liability:		
Current	-	1.6
Long-term	25.3	15.9
Net deferred national income tax liability	$ 21.9	$ 16.6

Deferred national income taxes and withholding taxes have been provided on earnings of the Company's Canadian subsidiary to the extent it is anticipated that the earnings will be remitted in the form of future dividends. Deferred national income taxes and withholding taxes have not been provided on the undistributed earnings of the Company's European and Mexican subsidiaries as such amounts are deemed to be permanently reinvested. The cumulative undistributed earnings at December 31, 1994 on which the Company had not provided additional national income taxes and withholding taxes were approximately $23.1 million.

In June 1993, the Company settled with the Canadian taxing authorities on the open issues relating to its Canadian tax returns through 1989. In addition, a settlement was reached with Revenue Canada regarding treatment of certain items relating to the Company's financing subsidiaries. The expense related to these settlements was provided by the Company prior to the year ended June 30, 1993, and did not have a material effect on the Company's results of operations or financial position.

As of December 31, 1994, the Company had tax loss carryforwards of $122.4 million which relate primarily to certain foreign subsidiaries including the FSB. Of the total carryforwards, $41.0 million have no expiration, $79.8 million expire in 1995 through 1999, and $1.6 million expire in 2005 and 2006. The tax credit carryforwards expire in 1999.

(13) RETIREMENT PLANS

The Company has noncontributory defined benefit pension plans covering substantially all domestic employees and certain employees in foreign countries. The Company's salaried plans provide benefits based on a career average earnings formula. Hourly pension plans provide benefits under flat benefit formulas. The Company also has a contractual arrangement with a key employee which provides for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations, and local practices.

Components of the Company's pension expense are as follows for the periods indicated (in millions):

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Service cost	$ 4.3	$ 3.5	$ 1.9	$ 3.1	$ 2.9
Interest cost on projected benefit obligation	6.3	6.1	3.2	5.9	6.2
Actual return on assets	(.1)	(7.8)	(4.5)	(6.6)	(4.9)
Net amortization and deferral	(4.6)	3.1	2.2	1.8	.5
Net pension expense	$ 5.9	$ 4.9	$ 2.8	$ 4.2	$ 4.7

The following table sets forth a reconciliation of the funded status of the Company's defined benefit pension plans to the related amounts recorded in the consolidated balance sheets (in millions):

	December 31, 1994		December 31, 1993	
	Plans Whose Assets Exceed ABO	Plans Whose ABO Exceeds Assets	Plans Whose Assets Exceed ABO	Plans Whose ABO Exceeds Assets
Actuarial present value of:				
Vested benefit obligation	$ 16.8	$ 54.8	$ 11.9	$ 58.1
Non-vested benefit obligation	1.3	2.2	.1	3.1
Accumulated benefit obligation (ABO)	18.1	57.0	12.0	61.2
Effects of anticipated future compensation increases	10.2	1.0	1.1	10.1
Projected benefit obligation	28.3	58.0	13.1	71.3
Plan assets at fair value	22.7	38.0	18.3	42.8
Projected benefit obligation in excess of (less than) plan assets	5.6	20.0	(5.2)	28.5
Unamortized net loss	(3.9)	(9.5)	(1.3)	(12.5)
Unrecognized prior service cost	.2	(3.0)	-	(1.0)
Unamortized net asset (obligation) at transition	3.1	(1.0)	4.0	(1.6)
Adjustment required to recognize minimum liability	-	12.0	-	11.1
Accrued pension (asset) liability recorded in the consolidated balance sheets	$ 5.0	$ 18.5	$ (2.5)	$ 24.5

The actuarial assumptions used in determining pension expense and the funded status information shown above were as follows:

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Discount rate:					
Domestic plans	7.5-8%	7.5-8%	7.5-8%	8%	8%
Foreign plans	7-8%	7-9%	7-8%	7-9%	9%
Rate of salary progression:					
Domestic plans	5%	6%	6%	6%	6%
Foreign plans	3-5%	3-5%	3-5%	3-5%	1-5%
Long-term rate of return on assets:					
Domestic plans	9%	9%	9%	9%	9%
Foreign plans	8%	8-9%	8%	9%	9%

Plan assets include cash equivalents, common and preferred stock, and government and corporate debt securities.

Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," required the Company to record a minimum liability as of December 31, 1994 and 1993. As of December 31, 1994, the Company recorded a long-term liability of $12.0 million, an intangible asset of $4.4 million, which is included with other assets, and a reduction in stockholders' equity of $5.8 million, net of income taxes of $1.8 million.

The Company also sponsors defined contribution plans and participates in Government sponsored programs in certain foreign countries. Contributions are determined as a percentage of each covered employee's salary. The Company also participates in multi-employer pension plans for certain of its hourly employees and contributes to those plans based on collective bargaining agreements. The aggregate cost of the defined contribution and multi-employer pension plans charged to operations was $2.1 million, $1.7 million, $1.0 million, $1.3 million and $1.1 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993 and the years ended June 30, 1993 and 1992, respectively.

(14) POST-RETIREMENT BENEFITS

On July 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions" for its domestic plans. This standard, which must be adopted for foreign plans no later than 1995, requires that the expected cost of post-retirement benefits be charged to expense during the years in which the employees render service to the Company.

The Company's domestic post-retirement plans generally provide for the continuation of medical benefits for all employees who complete 10 years of service after age 45 and retire from the Company at age 55 or older. The Company does not fund its post-retirement benefit obligation. Rather, payments are made as costs are incurred by covered retirees.

As of July 1, 1993, the Company's accumulated post-retirement benefit obligation was approximately $32.0 million. Because the Company had previously recorded a liability of $6.3 million related to these benefits, the net transition obligation, which is being amortized over 20 years, was $25.7 million. The following table sets forth a reconciliation of the funded status of the accrued post-retirement benefit obligation to the related amounts recorded in the financial statements as of December 31, 1994 and 1993 (in millions):

	December 31,	
	1994	1993
Accumulated Post-retirement Benefit Obligation ("APBO"):		
Retirees	$ 11.8	$ 11.7
Fully eligible active plan participants	4.3	4.1
Other active participants	20.9	19.8
Unrecognized net gain	4.2	-
Unamortized transition obligation	(23.7)	(25.0)
Liability Recorded in the Balance Sheet (includes current liability of $.7 million as of December 31, 1994 and 1993)	$ 17.5	$ 10.6

Components of the Company's post-retirement benefit expense based upon an adoption date of July 1, 1993 for the indicated periods were as follows (in millions):

	Years Ended December 31,		Six Months Ended December 31,
	1994	1993	1993
Service cost	$3.5	$1.7	$1.7
Interest cost on APBO	2.8	1.3	1.3
Unrecognized net gain	-	-	-
Amortization of transition obligation	1.3	.7	.7
Net post-retirement benefit expense	$7.6	$3.7	$3.7

The APBO as of December 31, 1993 and the net post-retirement benefit expense in 1994 and 1993 were calculated using an assumed discount rate of 7.5%. The APBO as of December 31, 1994 was calculated using an assumed discount rate of 8%. Health care costs were assumed to rise 13.2% in 1995, with the assumed rate increase decreasing by 1% per year to a minimum of 6.4% in 2008. To illustrate the significance of these assumptions, a rise in the assumed rate of health care cost increases of 1% each year would increase the APBO as of December 31, 1994 by $4.8 million and increase the net post-retirement benefit expense by $1.2 million for the year ended December 31, 1994.

Prior to July 1, 1993, post-retirement benefit costs were expensed as incurred. Benefit payments were approximately $.8 million, $.4 million, $.8 million and $.9 million for the year and six months ended December 31, 1993 and for the years ended June 30, 1993 and 1992, respectively.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers Accounting for Post-Employment Benefits." This statement requires that employers accrue the cost of post-employment benefits during the employees' active service. The Company adopted this statement effective January 1, 1994. The adoption of this statement did not have a material effect on the Company's financial position or results of operations.

(15) COMMITMENTS AND CONTINGENCIES

The Company is the subject of various lawsuits, claims and environmental contingencies. In addition, the Company has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), for the cleanup of contamination from hazardous substances at three Superfund sites, and may incur indemnification obligations for cleanup at two additional sites. In the opinion of management, the expected liability resulting from these matters is adequately covered by amounts accrued, and will not have a material adverse effect on the Company's consolidated financial position or future results of operations.

Two of the Company's European subsidiaries factor their accounts receivable with a bank subject to limited recourse provisions and are charged a discount fee equal to the current LIBOR rate plus 1%. The amount of such factored receivables, which is not included in accounts receivable in the consolidated balance sheet at December 31, 1994 was approximately $65.3 million.

Lease commitments at December 31, 1994 under noncancelable operating leases with terms exceeding one year are as follows (in millions):

1995	$ 9.9
1996	8.8
1997	6.9
1998	5.1
1999	4.6
2000 and thereafter	7.5
Total	$ 42.8

The Company's operating leases cover principally buildings and transportation equipment. Rent expense incurred under all operating leases and charged to operations was $9.8 million, $12.6 million, $6.5 million, $11.6 million and $8.6 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992, respectively.

(16) STOCK OPTIONS, WARRANTS AND COMMON STOCK SUBJECT TO REDEMPTION

1988 Stock Option Plan

At December 31, 1994, 2,013,018 options granted under stock option agreements dated September 29, 1988 were issued and outstanding. The options vested over a three-year period and are currently exercisable at $1.29 per share. The difference between the exercise price and the market value at the date of grant was amortized to expense over the vesting period.

1992 Stock Option Plan

Under the 1992 stock option plan, the Company may grant up to 1,914,000 stock options to the management investors and certain other management personnel. During fiscal 1993, the Company granted 1,376,100 of these options. On December 31, 1993, the remaining 537,900 options under this plan were granted. Pursuant to a plan amendment effective December 31, 1993, all of the options became immediately vested and will generally become exercisable at $5 per share on September 28, 1996.

Stock option expense for the twelve months and six months ended December 31, 1993 was approximately $14.5 million, and is included in incentive stock and other compensation expense in the accompanying statements of operations. The expense recognized reflects the immediate vesting of the previously unvested options on December 31, 1993, based on the estimated market value of the common stock of the Company of $13.64 per share.

In addition to the stock option expense, incentive stock and other compensation expense in the accompanying statements of operations includes $3.5 million in special management bonuses approved by the Board of Directors in December 1993.

1994 Stock Option Plan

Concurrent with the IPO (Note 3), the Company granted 498,750 options which are exercisable at $15.50 per share beginning three years after the date of grant. The options vest over a three year period and expire seven years after they become exercisable. No stock compensation expense was recognized related to these options as the exercise price was equal to the market price as of the grant date.

The changes in the number of options outstanding for the periods indicated are as follows:

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Options outstanding at beginning of period	4,045,272	3,507,372	3,507,372	2,131,272	2,309,868
Options granted	498,750	537,900	537,900	1,376,100	-
Options exercised	(100,797)	-	-	-	-
Options revoked	(17,457)	-	-	-	(178,596)
Options outstanding at end of period	4,425,768	4,045,272	4,045,272	3,507,372	2,131,272

Warrants

In 1988, the Company sold warrants exercisable into 3,300,000 shares of common stock. The warrants, which entitled the holder to receive one share of common stock for no additional consideration, became exercisable on December 1, 1993. All warrants were exercised or expired in 1994.

Common Stock Subject to Redemption

Prior to the initial public offering of common stock in April 1994 (Note 3), shares of common stock held by management investors were subject to redemption in limited circumstances, at a defined cost. This provision of the Stockholders' and Registration Rights Agreement was eliminated in connection with the IPO.

Shares subject to limited rights of redemption were stated at $13.64 per share at December 31, 1993 and $5 per share at June 30, 1993 and 1992.

(17) FINANCIAL INSTRUMENTS

The Company hedges certain foreign currency risks through the use of forward foreign exchange contracts and options. Such contracts are generally deemed as and are effective as hedges of the related transactions. As such, gains and losses from these contracts are deferred and are recognized on the settlement date, consistent with the related transactions. As of December 31, 1994, the Company and its subsidiaries have contracted to exchange up to $81.0 million U.S. for fixed amounts of Canadian dollars. The contracts mature during 1995. As of December 31, 1994, the unrealized deferred loss on such contracts was $1.9 million.

The carrying values of the Company's subordinated notes vary from the fair values of these instruments. The fair values were determined by reference to market prices of the securities in recent public transactions. As of December 31, 1994, the carrying value of the Company's subordinated notes was $270.0 million compared to an estimated fair value of $255.2 million. The carrying values of cash, accounts receivable, accounts payable and notes payable approximate the fair values of these instruments due to the short-term,

highly liquid nature of these instruments. The carrying value of the Company's senior indebtedness approximates its fair value which was determined based on rates currently available to the Company for similar borrowings with like maturities.

(18) GEOGRAPHIC SEGMENT DATA

Worldwide operations are divided into four geographic segments -- United States, Canada, Europe and Mexico. The European geographic segment includes operations in Austria, Italy, Poland, France, Germany, Sweden and the United Kingdom. Geographic segment information is as follows (in millions):

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Net Sales:					
United States	$1,916.5	$1,060.6	$ 587.1	$ 847.1	$ 685.0
Canada	603.8	397.5	179.7	389.9	427.5
Europe	575.5	407.5	191.8	434.2	268.2
Mexico	222.7	208.6	106.4	203.2	173.3
Intersegment sales	(171.0)	(123.9)	(59.8)	(117.9)	(131.3)
	$3,147.5	$1,950.3	$1,005.2	$1,756.5	$ 1,422.7
Operating Income:					
United States	$ 109.3	$ 61.3	$ 27.1	$ 51.8	$ 32.0
Canada	46.3	25.6	12.1	15.3	14.7
Europe	4.4	(9.6)	(7.6)	(3.9)	3.0
Mexico	10.2	20.3	8.2	17.9	7.1
Unallocated and other (a)	(.6)	(18.0)	(18.0)	-	-
	$ 169.6	$ 79.6	$ 21.8	$ 81.1	$ 56.8
Identifiable Assets:					
United States	$ 784.7	$ 680.7	$ 680.7	$ 370.0	$ 350.7
Canada	249.6	180.1	180.1	200.2	197.4
Europe	595.4	170.8	170.8	181.1	179.5
Mexico	72.5	68.3	68.3	59.1	64.6
Unallocated and other (b)	12.9	14.4	14.4	9.8	7.7
	$1,715.1	$1,114.3	$1,114.3	$ 820.2	$ 799.9

(a) Unallocated Operating Income primarily includes the impact of incentive stock and other compensation expense (Note 16).

(b) Unallocated Identifiable Assets primarily consist of deferred financing fees.

The net assets of foreign subsidiaries were $323.7 million and $231.7 million at December 31, 1994 and 1993, respectively. The Company's share of foreign net income (loss) was $32.2 million, $6.0 million, $(2.4) million, $8.5 million and $7.5 million for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993 and for the years ended June 30, 1993 and 1992, respectively.

A majority of the Company's sales are to automobile manufacturing companies. The following is a summary of the percentage of net sales to major customers:

	Year Ended December 31,		Six Months Ended December 31,	Year Ended June 30,	
	1994	1993	1993	1993	1992
Ford Motor Company	39%	28%	33%	22%	22%
General Motors Corporation	36	45	42	48	52

In addition, a significant portion of remaining sales are to the above automobile manufacturing companies through various other automotive suppliers or to affiliates of these automobile manufacturing companies. In addition to the customers listed above and their affiliates, at December 31, 1994 approximately 32% of the balance of the Company's accounts receivable was from Fiat and its affiliates.

(19) QUARTERLY FINANCIAL DATA (Unaudited; in millions, except per share data)

	Thirteen Weeks Ended April 2, 1994	Thirteen Weeks Ended July 2, 1994	Thirteen Weeks Ended October 1, 1994	Thirteen Weeks Ended December 31, 1994
Net sales	$686.7	$822.1	$698.5	$940.2
Gross profit	50.0	78.6	48.9	86.1
Net income	6.5	21.1	6.3	25.9
Net income per common share	.16	.43	.13	.54

	Thirteen Weeks Ended October 2, 1993	Thirteen Weeks Ended December 31, 1993
Net sales	$399.1	$606.1
Gross profit	21.8	50.4
Loss before extraordinary item	(10.8)	(12.2)
Net loss	(11.4)	(23.3)
Loss before extraordinary item per common share	(.31)	(.34)
Net loss per common share	(.32)	(.66)

	Fourteen Weeks Ended October 3, 1992 (a)	Thirteen Weeks Ended January 2, 1993 (a)	Thirteen Weeks Ended April 3, 1993	Thirteen Weeks Ended June 30, 1993
Net sales	$359.1	$452.3	$458.0	$487.1
Gross profit	21.4	33.1	40.2	57.8
Net income (loss)	(12.3)	1.5	6.1	14.8
Net income (loss) per common share	(.36)	.04	.15	.37

(a) The provisions for national income taxes for the fourteen weeks ended October 3, 1992 and the thirteen weeks ended January 2, 1993 were approximately $1.7 million and $2.8 million, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Lear Seating Corporation:

We have audited in accordance with generally accepted auditing standards the consolidated financial statements of LEAR SEATING CORPORATION AND SUBSIDIARIES ("the Company") included in this Form 10-K and have issued our report thereon dated February 15, 1995. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 60 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
February 15, 1995.

LEAR SEATING CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)

DESCRIPTION	BALANCE BEGINNING OF PERIOD	ADDITIONS	RETIREMENTS	OTHER CHANGES	BALANCE AT END OF PERIOD
FOR THE YEAR ENDED JUNE 30, 1992:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ .1	$ .2	$ (.1)	$ -	$ .2
Reserve for unmerchantable inventories	1.3	2.8	(1.7)	-	2.4
Deferred tax asset valuation allowances	18.1	6.1	-	-	24.2
	$ 19.5	$ 9.1	$ (1.8)	$ -	$ 26.8
FOR THE YEAR ENDED JUNE 30, 1993:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ .2	$ .5	$ (.2)	$ -	$ .5
Reserve for unmerchantable inventories	2.4	1.4	(2.0)	(.1)	1.7
Deferred tax asset valuation allowances	24.2	8.3	(2.4)	-	30.1
	$ 26.8	$ 10.2	$ (4.6)	$ (.1)	$ 32.3
FOR THE SIX MONTHS ENDED DECEMBER 31, 1993:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ .5	$ .3	$ (.1)	$ (.1)	$ .6
Reserve for unmerchantable inventories	1.7	.6	(.2)	(.2)	1.9
Deferred tax asset valuation allowances	30.1	23.0	(1.7)	-	51.4
	$ 32.3	$ 23.9	$ (2.0)	$ (.3)	$ 53.9
FOR THE YEAR ENDED DECEMBER 31, 1994:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ .6	$ .6	$ (.1)	$ .1	$ 1.2
Reserve for unmerchantable inventories	1.9	4.0	(1.7)	(.1)	4.1
Deferred tax asset valuation allowances	51.4	8.9	(2.2)	-	58.1
	$ 53.9	$ 13.5	$ (4.0)	$ -	$ 63.4

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no disagreement between the management of the Company and the Company's accountant on any matter of accounting principles or practices or financial statement disclosure.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS

Incorporated by reference from the Proxy Statement sections entitled "Election of Directors", "Management" and "Record Date, Outstanding Shares, Required Vote and Holdings of Certain Stockholders -- Security Ownership of Certain Beneficial Owners and Management."

ITEM 11 - EXECUTIVE COMPENSATION

Incorporated by reference from the Proxy Statement section entitled "Executive Compensation."

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from the Proxy Statement section entitled "Record Date, Outstanding Shares, Required Vote and Holdings of Certain Stockholders - Security Ownership of Certain Beneficial Owners and Management."

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from the Proxy Statement section entitled "Certain Transactions."

PART IV

ITEM 14 - EXHIBITS, FINANCIAL SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Form 10-K.

1. Consolidated Financial Statements:

Report of Independent Public Accountants

Consolidated Balance Sheets as of December 31, 1994 and 1993.

Consolidated Statements of Operations for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992.

Consolidated Statements of Cash Flows for the years ended December 31, 1994 and 1993, for the six months ended December 31, 1993, and for the years ended June 30, 1993 and 1992.

Notes to Consolidated Financial Statements

2. Financial Statements Schedules:

Report of Independent Public Accountants

Schedule II - Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned financial statements.

3. The exhibits listed on the "Index to Exhibits" on pages 64 through 66 are filed with this Form 10-K or incorporated by reference as set forth below.

(b) The following report on Form 8-K was filed during the quarter ended December 31, 1994.

Form 8-K, dated December 15, 1994, for the Acquisition of the Fiat Seat Business.

INDEX TO EXHIBITS

EXHIBIT NUMBER	EXHIBIT
3.1 -	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Company's Transition Report on Form 10-K filed March 31, 1994).
3.2 -	Amended and Restated By-laws of Lear (incorporated by reference to Exhibit 3.4 to Lear's Registration Statement on Form S-1 (No. 33-52565)).
3.3 -	Merger Agreement dated December 31, 1993, by and between Lear and Holdings (incorporated by reference to Exhibit 3.4 to Lear's Registration Statement on Form S-1 (No. 33-51317)).
4.1 -	Indenture by and between Lear and The First National Bank of Boston, as Trustee, relating to the 8 1/4% Subordinated Notes (incorporated by reference to Exhibit 4.1 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
4.2 -	11 1/4% Senior Subordinated Indenture dated as of July 15, 1992 between Lear and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.1 -	Credit Agreement dated as of March 8, 1989, as amended June 21, 1989 (the "Canadian Credit Agreement"), between Lear Seating Canada, Ltd. and The Bank of Nova Scotia with respect to the establishment of credit facilities (incorporated by reference to Exhibit 10.28 to Lear's Annual Report on Form 10-K for the year ended June 30, 1989).
10.2 -	Amendment dated September 13, 1989 to the Canadian Credit Agreement (incorporated by reference to Exhibit 10.30 to Lear's quarterly Report on Form 10-Q for the quarter ended September 30 ,1989).
10.3 -	Amendment dated March 28, 1990 to the Canadian Credit Agreement (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.4 -	Amendment dated October 11, 1990 to the Canadian Credit Agreement (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.5 -	Amendment dated January 23, 1992 to the Canadian Credit Agreement (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.6 -	Senior Executive Incentive Compensation Plan of Lear (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.7 -	Management Incentive Compensation Plan of Lear (incorporated by reference to Exhibit 10.15 the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.8 -	Stock Option Agreement dated as of September 29, 1988 between the Company and certain management investors (the "Management Investors") (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (No. 33-25256)).
10.9 -	Employment Agreement dated March 20, 1995 between Lear and Kenneth L. Way, filed herewith.
10.10 -	Employment Agreement dated March 20, 1995 between Lear and Robert E. Rossiter, filed herewith.

EXHIBIT NUMBER	EXHIBIT
10.11 -	Employment Agreement dated March 20, 1995 between Lear and James H. Vandenberghe, filed herewith.
10.12 -	Employment Agreement dated March 20, 1995 between Lear and James A. Hollars, filed herewith.
10.13 -	Employment Agreement dated March 20, 1995 between Lear and Barthold H. Hoemann, filed herewith.
10.14 -	Employment Agreement dated June 1, 1992 between Lear and Donald J. Stebbins (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 (No. 33-51317)).
10.15 -	Second Amended and Restated Credit Agreement, dated as of November 29, 1994 among the Company, Chemical Bank as administrative agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc., and Lehman Commercial Paper, Inc., as managing agents, filed herewith.
10.16 -	Amended and Restated Stockholders and Registration Rights Agreement dated as of September 27, 1991 by and among the Company, the Lehman Funds, Lehman Merchant Banking Partners Inc., as representative of the Lehman Partnerships, FIMA Finance Management Inc., a British Virgin Islands corporation, and the Management Investors (incorporated by reference to Exhibit 2.2 to Holdings' Current Report on Form 8-K dated September 24, 1991).
10.17 -	Waiver and Agreement dated September 27, 1991, by and among Holdings, Kidder Peabody Group Inc., KP/Hanover Partners 1988, L.P., General Electric Capital Corporation, FIMA Finance Management Inc., a Panamanian corporation, FIMA Finance Management Inc., a British Virgin Islands corporation, MH Capital Partners Inc., successor by merger and name change to MH Equity Corp., SO.PA.F Societa Partecipazioni Finanziarie S.p.A., INVEST Societa Italiana Investimenti S.p.A., the Lehman Partnerships and the Management Investors (incorporated by reference to Exhibit 2.3 to Holdings' Current Report on Form 8-K dated September 24, 1991).
10.18 -	Amendment to Amended and Restated Stockholders and Registration Rights Agreement (incorporated by reference to Exhibit 10.24 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.19 -	1992 Stock Option Plan (incorporated by reference to Exhibit 10.7 to Lear's Annual Report on Form 10-K for the year ended June 30, 1993).
10.20 -	Amendment to 1992 Stock Option Plan (incorporated by reference to Exhibit 10.26 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.21 -	1994 Stock Option Plan (incorporated by reference to Exhibit 10.27 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.22 -	Stock Purchase Agreement dated as of July 21, 1992 among the Company, the Lehman Funds and FIMA Finance Management Inc., a British Virgin Islands corporation (incorporated by reference to Exhibit 10.33 to the Company's Registration Statement on Form S-1 (No. 33-47867)).
10.23 -	Asset Purchase and Supply Agreement dated as of November 18, 1991 between Lear Seating Sweden, AB and Volvo Car Corporation (incorporated by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-1 (No. 33-47867)).

EXHIBIT NUMBER	EXHIBIT
10.24 -	Purchase Agreement dated as of November 1, 1993 between the Company and Ford Motor Company (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 1993).
10.25 -	Stock Purchase Agreement, dated December 15, 1994, by and between Gilardini S.p.A. and the Company (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated December 15, 1994).
10.26 -	$9,500,000 Loan Agreement between the Development Authority of Clayton County, Georgia and the Company, dated as of September 1, 1994, filed herewith.
10.27 -	$9,500,000 Loan Agreement between the City of Hammond, Indiana and the Company, dated as of July 1, 1994, filed herewith.
10.28 -	Lear Seating Corporation Supplemental Executive Retirement Plan, dated as of January 1, 1995, filed herewith.
11.1 -	Computation of income (loss) per share, filed herewith.
21.1 -	List of subsidiaries of the Company, filed herewith.
23.1 -	Consent of independent public accountants, filed herewith.
27.1 -	Financial Data Schedule, filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 of 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 29, 1995.

Lear Seating Corporation

By: /s/ Kenneth L. Way

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Lear Seating Corporation and in the capacities indicated March 29, 1995.

/s/ Kenneth L. Way --- Kenneth L. Way Chairman of the Board and Chief Executive Officer	/s/ Larry McCurdy --- Larry McCurdy a Director
/s/ James H. Vandenberghe --- James H. Vandenberghe Executive Vice President and Chief Financial Officer	/s/ Jeffrey P. Hughes --- Jeffrey P. Hughes a Director
/s/ Robert E. Rossiter --- Robert E. Rossiter President, Chief Operating Officer and a Director	--- Gian Andrea Botta a Director
/s/ David P. Spalding --- David P. Spalding a Director	/s/ Robert Shower --- Robert Shower a Director
/s/ Eliot Fried --- Eliot Fried a Director	/s/ James A. Stern --- James A. Stern a Director
/s/ Alan Washkowitz --- Alan Washkowitz a Director	

EXHIBIT 10.9

March 20, 1995

Mr. Kenneth L. Way
2838 Chestnut Run Drive
Bloomfield Hills, Michigan 48302

Dear Mr. Way:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the fourth anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of Chief Executive Officer of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as Chief Executive Officer of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $530,000 per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to 4 weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive

months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the- board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do

so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the

Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were

participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any such plan) the Company will provide you with a comparable level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to

the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until

the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration

Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b) any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement; said automatic extension commencing on the second anniversary of the Effective Date. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY: /s/ Robert E. Rossiter

Agreed to this 6th day of March, 1995

BY: /s/ Kenneth L. Way

EXHIBIT 10.10

March 20, 1995

Mr. Robert E. Rossiter
2878 Meadowwod Lane
Bloomfield, Michigan 48203

Dear Mr. Rossiter:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the fourth anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of President and Chief Operating Officer of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as President and Chief Operating Officer of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company (provided that you have received prior written approval from the Company's Chairman), or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $385,000 per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to 4 weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive

months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the- board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do

so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the

Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were

participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any such plan) the Company will provide you with a comparable level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to

the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until

the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration

Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b) any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement; said automatic extension commencing on the second anniversary of the Effective Date. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY: /s/ Kenneth L. Way

Agreed to this 6th day of March, 1995

BY: /s/ Robert E. Rossiter

EXHIBIT 10.11

March 20, 1995

Mr. James H. Vandenberghe
542 Briarcliff
Grosse Pointe Woods, Michigan 48236

Dear Mr. Vandenberghe:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the fourth anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of Executive Vice President and Chief Financial Officer of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as Executive Vice President and Chief Financial Officer of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company (provided that you have received prior written approval from the Company's Chairman), or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $272,000 per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to 4 weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive

months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the-board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do

so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the

Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were

participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any such plan) the Company will provide you with a comparable level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to

the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until

the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration

Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b) any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement; said automatic extension commencing on the second anniversary of the Effective Date. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY: /s/ Kenneth L. Way

Agreed to this ____ day of March, 1995

BY: /s/ James H. Vandenberghe

EXHIBIT 10.12

March 20, 1995

Mr. James A. Hollars
21557 Telegraph Road
Southfield, MI 48034

Dear Mr. Hollars:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the second anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of President - International Operations of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as President - International Operations of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company (provided that you have received prior written approval from the Company's Chairman), or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $230,000 per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to 4 weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the- board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation

plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than

for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any

such plan) the Company will provide you with a able level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation

from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one

percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized

person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b)

any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY: /s/ Kenneth L. Way

Agreed to this ____ day of March, 1995

BY: /s/ James A. Hollars

EXHIBIT 10.13

March 20, 1995

Mr. Barthold H. Hoemann
990 Wellsley Court
Bloomfield Hills, MI 48304

Dear Mr. Hoemann:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the second anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of President - Ford Division of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as President - Ford Division of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company (provided that you have received prior written approval from the Company's Chairman), or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $220,000 per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to 4 weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the- board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation

plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than

for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any

such plan) the Company will provide you with a able level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation

from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one

percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized

person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b)

any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY: /s/ Kenneth L. Way

Agreed to this ------ day of March, 1995

BY: /s/ Barthold H. Hoemann

EXHIBIT 10.15

[CONFORMED COPY]

LEAR SEATING CORPORATION
(F/K/A LEAR SIEGLER SEATING CORP., AS SUCCESSOR
BY MERGER TO LSS ACQUISITION CORPORATION
AND LEAR HOLDINGS CORPORATION)

_____

$500,000,000
SECOND AMENDED AND RESTATED
CREDIT AGREEMENT

DATED AS OF NOVEMBER 29, 1994

_____

CHEMICAL BANK,
AS ADMINISTRATIVE AGENT

AND

BANKERS TRUST COMPANY, THE BANK OF NOVA SCOTIA,
CITICORP USA, INC. AND
LEHMAN COMMERCIAL PAPER INC.,
AS MANAGING AGENTS

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SCHEDULES:

EXHIBITS:

EXHIBIT 2.2

SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of November 29, 1994, among (i) LEAR SEATING CORPORATION (f/k/a Lear Siegler Seating Corp., as successor by merger to LSS Acquisition Corporation and Lear Holdings Corporation), a Delaware corporation (the "Borrower"), (ii) the several financial institutions parties to this Agreement from time to time (collectively, the "Banks"; individually, a "Bank"), (iii) CHEMICAL BANK, a New York banking corporation, as administrative agent for the Banks hereunder (in such capacity, the "Agent") and (iv) BANKERS TRUST COMPANY, THE BANK OF NOVA SCOTIA, CITICORP USA, INC. and LEHMAN COMMERCIAL PAPER INC., as managing agents (collectively, the "Managing Agents"; individually, a "Managing Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, certain of the Banks (the "Existing Banks"), the Managing Agents and the Agent are parties to the Amended and Restated Credit Agreement, dated as of October 25, 1993 (as amended prior to the date hereof, the "Amended and Restated Credit Agreement"); and

WHEREAS, the Borrower has requested that the Amended and Restated Credit Agreement be amended and restated in order (i) to provide for the addition of additional financial institutions as Banks hereunder, (ii) to increase the revolving credit facility under the Amended and Restated Credit Agreement, (iii) to provide financing for the acquisition (the "Acquisition") by the Borrower and its Subsidiaries of Sepi S.p.A. and certain related businesses (collectively, the "Fiat Seat Business") from Gilardini S.p.A. and (iv) to modify certain provisions of the Amended and Restated Credit Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree that on the Closing Date, as provided in subsection 11.12, the Amended and Restated Credit Agreement shall be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"ABR": for any date, the higher of (a) the rate of interest publicly announced by Chemical in New York, New York from time to time as its prime rate and (b) 0.5% per annum above the rate set forth for such date opposite the caption "Federal Funds (Effective)" in the weekly statistical release designated as "H.15(519)", or any successor publication, published by the Board of Governors of the Federal Reserve System. The ABR is not intended to

be the lowest rate of interest charged by Chemical in connection with extensions of credit to borrowers.

"ABR Loans": Loans hereunder at such time as they are made and/or being maintained at a rate of interest based upon the ABR.

"Acquisition": as defined in the recitals to this Agreement.

"Adjustment Date": (a) the second Business Day following receipt by the Agent of both (i) the financial statements required to be delivered pursuant to subsection 7.1(a) or (b), as the case may be, for the most recently completed fiscal period and (ii) the compliance certificate required pursuant to subsection 7.2(b) with respect to such financial statements or (b) if such compliance certificate and financial statements have not been delivered in a timely manner, the date upon which such compliance certificate and financial statements were due; provided, however, that in the event that the Adjustment Date is determined in accordance with the provisions of clause (b) of this definition, then the date which is two Business Days following the date of receipt of the financial statements and compliance certificate referenced in clause (a) of this definition also shall be deemed to constitute an Adjustment Date.

"Affiliate": of any Person shall mean (a) any other Person (other than a Wholly-Owned Subsidiary of such Person) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person or (b) any other Person who is a director or officer of (i) such Person, (ii) any Subsidiary of such Person or (iii) any Person described in clause (a) above. For purposes of this definition, a Person shall be deemed to be "controlled by" such other Person if such other Person possesses, directly or indirectly, power either to (i) vote 5% or more of the securities having ordinary voting power for the election of directors of such first Person or (ii) direct or cause the direction of the management and policies of such first Person whether by contract or otherwise.

"Agent": as defined in the preamble to this Agreement.

"Agreement": this Second Amended and Restated Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Amended and Restated Credit Agreement": as defined in the recitals to this Agreement.

"Applicable Margin": at any time, the rates per annum set forth below under the relevant column heading opposite

the Level of Coverage Ratio and Debt Ratio most recently determined:

Ratio Level	Eurodollar Loans
Level I: Coverage Ratio is less than 4.0 to 1 and Debt Ratio is greater than 3.25 to 1	1.00%
Level II: Coverage Ratio is equal to or greater than 4.0 to 1 but less than 5.0 to 1 and Debt Ratio is equal to or less than 3.25 to 1 but greater than 1.75 to 1	0.75%
Level III: Coverage Ratio is equal to or greater than 5.0 to 1 and Debt Ratio is equal to or less than 1.75 to 1	0.50%;

provided that (a) the Applicable Margin commencing on the Closing Date shall be that set forth above opposite Level II until the first Adjustment Date for which the Coverage Ratio or Debt Ratio falls within another Level, (b) the Applicable Margin determined for any Adjustment Date shall remain in effect until a subsequent Adjustment Date for which the Coverage Ratio or Debt Ratio falls within a different Level, (c) if the financial statements and related compliance certificate for any fiscal period are not delivered by the date due pursuant to subsection 7.1, the Applicable Margin shall be (i) for the first 5 days subsequent to such due date, those in effect on the day prior to such due date, and (ii) thereafter, that set forth above opposite Level I, in either case, until the subsequent Adjustment Date, and (d) if the Debt Ratio and the Coverage Ratio determined for any Adjustment Date do not fall within the same Level, the Applicable Margin commencing on such Adjustment Date will be the rate set forth above opposite such higher Level. For purposes of this definition, the higher Level shall be the Level at which the Applicable Margin would be higher.

"Asbestos": all the meanings therefor provided under any Relevant Environmental Laws and shall include, without limitation, asbestos fibers and friable asbestos, as such terms are defined under the Relevant Environmental Laws.

"Available Commitment": as to any Bank, at a particular time, any amount equal to the excess, if any, of (a) the amount of such Bank's Commitment at such time over (b) the sum of (i) the aggregate unpaid principal amount at such time of all Revolving Credit Loans made by such Bank

pursuant to subsection 2.1 and (ii) such Bank's Commitment Percentage of the aggregate Letter of Credit Obligations at such time; collectively, as to all the Banks, the Available Commitments".

"Bank" and "Banks": as defined in the preamble to this Agreement.

"benefitted Bank": as defined in subsection 11.7.

"Borrower": as defined in the preamble to this Agreement.

"Borrowing Date": any Business Day specified in a notice pursuant to subsection 2.3 or 2.4 as a date on which the Borrower requests the Banks to make Loans hereunder.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Capital Expenditures": direct or indirect (by way of the acquisition of securities of a Person or the expenditure of cash or the incurrence of Indebtedness) expenditures in respect of the purchase or other acquisition of fixed or capital assets (excluding any such asset (a) acquired in connection with normal replacement and maintenance programs and properly charged to current operations, (b) acquired pursuant to a Financing Lease or other lease) or (c) acquired in connection with the Acquisition.

"Cash Equivalents": (a) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than twelve months from the date of acquisition, (b) time deposits and certificates of deposit having maturities of not more than twelve months from the date of acquisition, in each case with any Bank or with any other domestic commercial bank having capital and surplus in excess of $200,000,000, which has, or the holding company of which has, a commercial paper rating meeting the requirements specified in clause (d) below, (c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b) above, (d) commercial paper issued by the parent corporation of any Bank and commercial paper rated at least A-1 or the equivalent thereof by Standard & Poor's Ratings Group or P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in either case maturing within nine months after the date of acquisition, (e) deposits maintained with money market funds having total assets in excess of $300,000,000 and (f) demand deposit accounts maintained in the ordinary course of

business with banks or trust companies located near plant locations, in an aggregate amount not to exceed $100,000 at any one time at any one such bank or trust company.

"Chemical": Chemical Bank, a New York banking corporation, in its individual capacity.

"CISA": Central de Industrias S.A. de C.V., a corporation organized under the laws of Mexico.

"Closing Date": the date on which all of the conditions precedent set forth in subsection 5.1 shall have been met or waived.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commercial Letters of Credit": as defined in subsection 3.1(a).

"Commitment": as defined in subsection 2.1.

"Commitment Percentage": as to any Bank, the percentage of the aggregate Commitments constituted by such Bank's Commitment.

"Commitment Period": the period from and including the date hereof to but not including the Termination Date or such earlier date on which the Commitments shall terminate as provided herein.

"Commitment Transfer Supplement": a Commitment Transfer Supplement, substantially in the form of Exhibit I.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated Indebtedness": at a particular date, all Indebtedness of the Borrower and its Subsidiaries.

"Consolidated Interest Expense": for any fiscal period, the amount which would, in conformity with GAAP, be set forth opposite the caption "interest expense" (or any like caption) on a consolidated income statement of the Borrower and its Subsidiaries for such period, (a) excluding therefrom, however, fees payable under subsections 4.2, 4.3 or 4.4 and any amortization or write-off of deferred financing fees during such period and (b) including any interest income during such period.

"Consolidated Net Income": for any fiscal period, the consolidated net income (or deficit) of the Borrower and its Subsidiaries for such period (taken as a cumulative whole), determined in accordance with GAAP; provided that (a) any provision for post-retirement medical benefits, to the extent such provision calculated under FAS 106 exceeds actual cash outlays calculated on the "pay as you go" basis, shall not to be taken into account, and (b) there shall be excluded (i) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any Subsidiary, (ii) the income (or deficit) of any Person (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest, except to the extent that any such income has been actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions, (iii) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation or Requirement of Law (other than any Requirement of Law of Germany) applicable to such Subsidiary, and (iv) in the case of a successor to the Borrower or any Subsidiary by consolidation or merger or as a transferee of its assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets; provided, further that the exclusions in clauses (i) and (iv) of this definition shall not apply to the mergers or consolidations of the Borrower or its Subsidiaries with their respective Subsidiaries.

"Consolidated Net Worth": at a particular date, all amounts which would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP as at such date plus the amount of any redeemable common stock; provided, however, that any cumulative adjustments made pursuant to FAS 106 shall not be taken into account; and provided, further, that any stock option expense and any amortization of goodwill, deferred financing fees and license fees (including any write-offs of deferred financing fees, license fees and up to an aggregate of $5,000,000 of goodwill from October 25, 1993) shall not be taken into account in determining Consolidated Net Worth.

"Consolidated Operating Profit": for any fiscal period, Consolidated Net Income for such period excluding (a) extraordinary gains and losses arising from the sale of material assets and other extraordinary and/or non-recurring gains and losses, (b) charges, premiums and expenses associated with the discharge of Indebtedness, (c) charges relating to FAS 106, (d) license fees (and any write-offs thereof), (e) stock compensation expense, (f) deferred financing fees (and any write-offs thereof), (g) write-offs

up to $5,000,000 of goodwill, (h) foreign exchange gains and losses, (i) miscellaneous income and expenses and (j) miscellaneous gains and losses arising from the sale of assets plus, to the extent deducted in determining Consolidated Net Income, the excess of (i) the sum of (A) Consolidated Interest Expense, (B) any expenses for taxes, (C) depreciation and amortization expense and (D) minority interests in income of Subsidiaries over (ii) net equity earnings in Affiliates (excluding Subsidiaries).

"Continuing Directors": the directors of the Borrower on the Closing Date and each other director, if such other director's nomination for election to the Board of Directors of the Borrower is recommended by a majority of the then Continuing Directors.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Coverage Ratio": for any Adjustment Date the ratio of (a) Consolidated Operating Profit for the four fiscal quarters most recently ended to (b) Consolidated Interest Expense for the four fiscal quarters most recently ended.

"Debt Ratio": for any Adjustment Date, the ratio of (a) Consolidated Indebtedness on the last day of the fiscal quarter most recently ended to (b) Consolidated Operating Profit for the four fiscal quarters most recently ended.

"Default": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Dollars" and "$": lawful currency of the United States of America.

"Domestic Loan Party": each Loan Party that is organized under the laws of any jurisdiction of the United States or Canada.

"EATSA": Equipos Automotrices Totales S.A. de C.V., a corporation organized under the laws of Mexico.

"Environmental Complaint": any complaint, order, citation, notice or other written communication from any Person with respect to the existence or alleged existence of a violation of any Requirement of Law or legal liability resulting from air emissions, water discharges, noise emissions, Asbestos, Hazardous Material or any other environmental, health or safety matter at, upon, under or within any Mortgaged Property.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum equal to the average (rounded upwards to the nearest whole multiple of one sixteenth of one percent) of the respective rates notified to the Agent by the Reference Banks as the rate at which such Reference Bank is offered Dollar deposits two Working Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations of such Reference Bank are then being conducted, at or about 10:00 A.M., New York City time, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Loan of such Reference Bank to be outstanding during such Interest Period.

"Eurodollar Loans": Revolving Credit Loans at such time as they are made and/or are being maintained at a rate of interest based upon the Eurodollar Rate.

"Eurocurrency Reserve Requirements": with respect to any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto), dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upwards to the nearest whole multiple of 1/100th of one percent):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirement}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans whose Interest Periods each begin on the same day and end on the same other day.

"Event of Default": any of the events specified in Section 9, provided that any requirement for the giving of

notice, the lapse of time, or both, or any other condition, event or act has been satisfied.

"Existing Banks": as defined in the recitals to this Agreement.

"Existing Letters of Credit": as defined in subsection 3.1(b).

"Extensions of Credit": at any particular time, the sum of (a) the aggregate principal amount of Revolving Credit Loans and Swing Line Loans then outstanding and (b) the aggregate Letter of Credit Obligations then outstanding.

"Favesa": Favesa S.A. de C.V., a Mexican corporation.

"Fiat Seat Business": as defined in the recitals to this Agreement.

"FIMA": FIMA Finance Management Inc., a British Virgin Islands corporation and any other wholly-owned subsidiary of Exor Group S.A. or any of them.

"Financing Lease": (a) any lease of property, real or personal, the obligations under which are capitalized on a consolidated balance sheet of the Borrower and its Subsidiaries and (b) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Ford": Ford Motor Company.

"Foreign Letter of Credit": a Standby Letter of Credit whose beneficiary is a Person which is directly or indirectly extending credit to a Foreign Subsidiary.

"Foreign Subsidiaries": each of the Subsidiaries so designated on Schedule 6.14 and any Subsidiaries organized outside the United States which are created after the effectiveness hereof in compliance with subsection 8.9(d).

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person, any obligation of such Person guaranteeing or in effect

guaranteeing any Indebtedness, leases, dividends or other obligations (the primary obligations") of any other Person (the "primary obligo") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the value as of any date of determination of the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (unless such Guarantee Obligation shall be expressly limited to a lesser amount, in which case such lesser amount shall apply) or, if not stated or determinable, the value as of any date of determination of the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Hazardous Materials": any solid wastes, toxic or hazardous substances, materials or wastes, defined, listed, classified or regulated as such in or under any Relevant Environmental Laws, including, without limitation, Asbestos, petroleum or petroleum products (including gasoline, crude oil or any fraction thereof), polychlorinated biphenyls, and urea-formaldehyde insulation.

"Indebtedness": of a Person, at a particular date, the sum (without duplication) at such date of (a) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which such Person is liable as obligor, (b) indebtedness secured by any Lien on any property or asset owned or held by such Person regardless of whether the indebtedness secured thereby shall have been assumed by or is a primary liability of such Person, (c) obligations of such Person under Financing Leases, (d) the face amount of all letters of credit issued for the account of such person and, without duplication, the unreimbursed amount of all drafts drawn thereunder and (e) obligations (in the nature of principal or interest) of such Person in respect of acceptances or similar obligations issued or created for the account of such Person; but excluding (i) trade and other accounts payable in the

ordinary course of business in accordance with customary trade terms and which are not overdue for more than 120 days or, if overdue for more than 120 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person, (ii) deferred compensation obligations to employees and (iii) any obligations otherwise constituting Indebtedness the payment of which, such Person has provided for pursuant to the terms of such Indebtedness or any agreement or instrument pursuant to which such Indebtedness was incurred, by the irrevocable deposit in trust of an amount of funds or a principal amount of securities, which deposit is sufficient, either by itself or taking into account the accrual of interest thereon, to pay the principal of and interest on such obligations when due.

"Industrial Revenue Bonds": industrial revenue bonds issued for the benefit of the Borrower or its Subsidiaries and in respect of which the Borrower or its Subsidiaries will be the source of repayment, provided that such financings, (including, without limitation, the indenture related thereto) shall be in form and substance reasonably satisfactory to the Issuing Bank that issues a Letter of Credit backing such Industrial Revenue Bonds.

"Insolvency" or "Insolvent": at any particular time, a Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

"Interest Payment Date": (a) as to any ABR Loan (including Swing Line Loans), the last day of each March, June, September and December, commencing on the first of such days to occur after the effectiveness of this Agreement and (b) as to any Eurodollar Loan in respect of which the Borrower has selected an Interest Period of one, two or three months, the last day of such Interest Period, (c) as to any Eurodollar Loan in respect of which the Borrower has selected an Interest Period of six months, the day which is three months after the making of such Eurodollar Loan and the last day of such Interest Period and (d) as to any Loan, the Termination Date.

"Interest Period": with respect to any Eurodollar Loans:

(a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loans and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing as provided in subsection 2.3 or its notice of conversion as provided in subsection 2.6, as the case may be; and

(b) thereafter, each period commencing on the last day of the then current Interest Period applicable to such Eurodollar Loans and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Agent not less than three Working Days prior to the last day of the then current Interest Period with respect to such Eurodollar Loans;

provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day which is not a Working Day, that Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(ii) no Interest Period shall extend beyond the Termination Date;

(iii) if the Borrower shall fail to give notice as provided above, the Borrower shall be deemed to have selected an ABR Loan to replace the affected Eurodollar Loan;

(iv) any Interest Period that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month; and

(v) the Borrower shall select Interest Periods so that there shall be no more than eight Eurodollar Tranches in existence on any one date; provided if the Borrower shall select an Interest Period of one month, there shall be no more than three Eurodollar Tranches of one month in existence on any one date.

"Interest Rate Agreement": any interest rate protection agreement, interest rate swap or other interest rate hedge arrangement (other than any interest rate cap or other similar agreement or arrangement pursuant to which the Borrower has no credit exposure), to or under which the Borrower or any of its Subsidiaries is a party or a beneficiary.

"Interest Rate Agreement Obligations": all obligations of the Borrower to any of the Banks under any one or more

Interest Rate Agreements in respect of a notional principal amount of up to $200,000,000.

"Issuing Bank": Chemical, in its capacity as issuer of the Letters of Credit or, if Chemical is not the Agent hereunder, such other Bank, which the Borrower and the Required Banks shall have approved, in its capacity as issuer of the Letters of Credit; provided that any Bank other than Chemical which agrees to become an Issuing Bank, and which the Borrower and the Required Banks shall have approved, may become an Issuing Bank for Standby Letters of Credit to be used for the purposes described in subsection 3.9(b).

"Lear Canada": Lear Seating Canada Ltd., a corporation organized under the laws of Ontario, Canada and a Wholly-Owned Subsidiary of the Borrower.

"Lear Industries": Lear Industries Holding B.V., a corporation organized under the laws of The Netherlands.

"Lear Italia": the collective reference to each direct Foreign Subsidiary, organized under the laws of Italy, of the Borrower or any Subsidiary party to the Subsidiary Guarantee.

"Letter of Credit Applications": (a) in the case of Standby Letters of Credit, a letter of credit application for a Standby Letter of Credit on the standard form of Chemical for standby letters of credit, and (b) in the case of Commercial Letters of Credit, a letter of credit application for a Commercial Letter of Credit on the standard form of Chemical for commercial letters of credit.

"Letter of Credit Obligations": at any particular time, all liabilities of the Borrower and any Subsidiary with respect to Letters of Credit, whether or not any such liability is contingent, including (without duplication) the sum of (a) the aggregate undrawn face amount of all Letters of Credit then outstanding plus (b) the aggregate amount of all unpaid Reimbursement Obligations and Subsidiary Reimbursement Obligations.

"Letter of Credit Participation Certificate": a participation certificate in the form customarily used by the Issuing Bank for such purpose at the time such certificate is issued.

"Letters of Credit": as defined in subsection 3.1(a).

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind

or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any Financing Lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction in respect of any of the foregoing).

"Loan" and "Loans": the collective reference to the Revolving Credit Loans and the Swing Line Loans.

"Loan Documents": the collective reference to this Agreement, the Notes, the Letters of Credit, the Letter of Credit Applications and the Security Documents.

"Loan Parties": the collective reference to the Borrower, each guarantor or grantor party to any Security Document and each Issuer (as defined in each Pledge Agreement).

"Management Investors": each of the managers and other employees of the Borrower and its Subsidiaries from time to time party to the Stockholders Agreement.

"Managing Agent" and "Managing Agents": as defined in the preamble to this Agreement.

"Material Subsidiary": each Loan Party and any other Subsidiary which (a) for the most recent fiscal year of the Borrower accounted for more than 5% of the consolidated revenues of the Borrower or (b) as of the end of such fiscal year, was the owner of more than 5% of the consolidated assets of the Borrower all as shown on the consolidated financial statements of the Borrower for such fiscal year.

"Merchant Banking Partnerships": Lehman Brothers Merchant Banking Portfolio Partnership L.P., a Delaware limited partnership, Lehman Brothers Offshore Investment Partnership - Japan L.P., a Bermuda limited partnership, Lehman Brothers Offshore Investment Partnership L.P., a Bermuda limited partnership and Lehman Brothers Capital Partners II, L.P., a Delaware limited partnership (collectively, the "Partnerships") or any majority owned direct or indirect Subsidiary of Lehman Brothers Holdings Inc. or any partnership the general partner of which is a majority owned direct or indirect Subsidiary of Lehman Brothers Holdings Inc. (with the Partnerships, collectively referred to as the "Permitted Lehman Entities") or a trust the beneficiaries of which include only investors in the Permitted Lehman Entities, or any of them.

"Mortgaged Properties": the collective reference to the real properties described on Schedule 1.1(c) and any other properties mortgaged in favor of the Agent for the

ratable benefit of the Banks pursuant to this Agreement from time to time.

"Mortgages": the collective reference to the mortgages listed in Schedule 1.1(b), and each other mortgage or deed of trust that may be delivered to the Agent as collateral security for any or all of the Obligations and the Subsidiary Reimbursement Obligations, in each case as such mortgages or deeds of trust may be amended, supplemented or otherwise modified from time to time.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds": shall mean the gross proceeds received by the Borrower or any Subsidiary from a sale or other disposition of any asset of the Borrower or such Subsidiary less (a) all reasonable fees, commissions and other out-of-pocket expenses incurred by the Borrower or such Subsidiary in connection therewith, (b) Federal, state, local and foreign taxes assessed in connection therewith and (c) the principal amount, accrued interest and any related prepayment fees of any Indebtedness (other than the Loans) which is secured by any such asset and which is required to be repaid in connection with the sale thereof.

"Notes": the collective reference to the Revolving Credit Notes and the Swing Line Note.

"Obligations": the unpaid principal amount of, and interest on, the Notes, the Reimbursement Obligations, the Interest Rate Agreement Obligations and all other obligations and liabilities of the Borrower or any Subsidiary to the Agent, the Banks and the Issuing Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Agreement, the Notes, the Letters of Credit, the Letter of Credit Applications, any other Loan Document or any other document executed and delivered in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Agent) or otherwise.

"Participants": as defined in subsection 11.6(b).

"Participating Bank": any Bank (other than the Issuing Bank) with respect to its Participating Interest in a Letter of Credit.

"Participating Interest": with respect to any Letter of Credit (a) in the case of the Issuing Bank with respect thereto its interest in such Letter of Credit and any Letter

of Credit Application relating thereto after giving effect to the granting of any participating interests therein pursuant hereto and (b) in the case of each Participating Bank, its undivided participating interest in such Letter of Credit and any Letter of Credit Application relating thereto.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Person": an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Phase I Environmental Assessments": the reports prepared by Eckenfelder Inc. dated September 1991 concerning certain facilities owned or operated by the Borrower or its Subsidiaries.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements": the collective reference to the Pledge Agreements listed in Schedule 1.1(b) and each other pledge agreement or similar agreement that may be delivered to the Agent as collateral security for any or all of the Obligations and the Subsidiary Reimbursement Obligations, in each case as such Pledge Agreements or similar agreements may be amended, supplemented or otherwise modified from time to time.

"Pledged Stock": as defined in each of the Pledge Agreements.

"Proprietary Rights": as defined in subsection 6.17.

"Purchase Agreement": the Agreement, dated as of August 19, 1988, among Lear Siegler Aerospace Products Holdings Corp., Lear Siegler Commercial Products Holdings Corp., Lear Siegler Automotive Products Holdings Corp. and LSS Acquisition Corporation, as amended, supplemented or otherwise modified from time to time.

"Purchasing Banks": as defined in subsection 11.6(c).

"Receivable Financing Transaction": any transaction or series of transactions involving a non-recourse sale for cash of accounts receivable by the Borrower or any of its Subsidiaries to a Special Purpose Subsidiary and a

subsequent incurrence by such Special Purpose Subsidiary of unguaranteed Indebtedness secured solely by the accounts receivable so acquired by such Special Purpose Subsidiary.

"Reference Banks": Chemical and The Bank of Nova Scotia.

"Refunded Swing Line Loans": as defined in subsection 2.4(c).

"Register": as defined in subsection 11.6(d).

"Reimbursement Obligation": the obligation of the Borrower to reimburse the Issuing Bank in accordance with the terms of this Agreement and the related Letter of Credit Application for any payment made by the Issuing Bank under any Letter of Credit.

"Relevant Environmental Laws": any and all Federal, foreign, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority, any and all Requirements of Law and any and all common law requirements, rules and bases of liability regulating, relating to or imposing liability or standards of conduct concerning pollution or protection of human health or the environment, as now or hereafter in effect.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of such term as used in Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Required Banks": at a particular time, the holders of more than 50% the aggregate unpaid principal amount of the Notes and the Letter of Credit Obligations (after giving effect to participating interests to the Banks), or, if no amounts are outstanding under the Notes and no Letter of Credit Obligations are outstanding, Banks having more than 50% of the aggregate amount of the Commitments.

"Requirement of Law": as to (a) any Person, the certificate of incorporation and by-laws or the partnership or limited partnership agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its

property or to which such Person or any of its property is subject, (b) any property, any law, treaty, rule, regulation, requirement, judgment, decree or determination of any Governmental Authority applicable to or binding upon such property or to which such property is subject, including, without limitation, any Relevant Environmental Laws, and (c) any of the Mortgaged Properties, all Restrictive Agreements.

"Responsible Officer": with respect to any Loan Party, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer or the assistant treasurer of such Loan Party.

"Restrictive Agreement": any covenants, conditions or restrictions which burden any of the Mortgaged Properties or any part thereof for the benefit of other real property, including, without limitation, the terms of any reciprocal easement agreement, any agreement limiting the use of the Mortgaged Properties and any agreements which must be performed as a condition to the continuance of any easement included in the Mortgaged Properties.

"Revolving Credit Loan" and "Revolving Credit Loans": as defined in subsection 2.1.

"Revolving Credit Note" and "Revolving Credit Notes": as defined in subsection 2.2.

"Security Agreements": the collective reference to the Security Agreements listed in Schedule 1.1(b), and each other security agreement or similar agreement that may be delivered to the Agent as collateral security for any or all of the Obligations and the Subsidiary Reimbursement Obligations, in each case as such Security Agreements or similar agreements may be amended, supplemented or otherwise modified from time to time.

"Security Documents": the collective reference to the Security Agreements, the Pledge Agreements, the Mortgages and the Subsidiary Guarantee.

"Senior Subordinated Note Indenture": the Indenture, dated as of July 15, 1992, as the same may be amended, supplemented or otherwise modified from time to time in accordance with subsection 8.10.

"Senior Subordinated Notes": the 11 1/4% Senior Subordinated Notes of the Borrower due 2000, issued pursuant to the Senior Subordinated Note Indenture.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Special Affiliate": any Affiliate of the Borrower which (a) the Borrower possesses, directly or indirectly, (i) power to vote 20% or more of the securities having ordinary voting power for the election of directors of such Affiliate or (ii) a 20% ownership interest in such Affiliate and (b) is engaged in business of the same or related general type as now being conducted by the Borrower and its Subsidiaries.

"Special Entity": any Person which is engaged in business of the same or related general type as now being conducted by the Borrower and its Subsidiaries.

"Special Purpose Subsidiary": any Wholly-Owned Subsidiary of the Borrower created by the Borrower for the sole purpose of facilitating a Receivable Financing Transaction.

"Standby Letters of Credit": as defined in subsection 3.1(a).

"Stockholders Agreement": the Amended and Restated Stockholders and Registration Rights Agreement, dated as of September 27, 1991 among the Borrower, FIMA, the Merchant Banking Partnerships and the several other parties thereto, as the same has been and may be amended, supplemented or otherwise modified from time to time.

"Subordinated Debt": any obligations (for principal, interest or otherwise) evidenced by or arising under or in respect of the Subordinated Notes, the Subordinated Note Indenture, the Senior Subordinated Notes and the Senior Subordinated Note Indenture and any other covenant, instrument or agreement of subordinated Indebtedness issued or entered into pursuant to subsection 8.10.

"Subordinated Note Indenture": the Indenture dated as of February 1, 1994, as the same may be amended, supplemented or otherwise modified from time to time in accordance with subsection 8.10.

"Subordinated Notes": the 8-1/4% Subordinated Notes of the Borrower due 2002, issued pursuant to the Subordinated Note Indenture.

"Subscription Agreements": the collective reference to the Subscription Agreements, dated as of September 29, 1988, between Lear Holdings Corporation and each of the Management Investors, as each of the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary": as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power

(other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by such Person (exclusive of any Affiliate in which such Person has a minority ownership interest). Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantee": the Second Amended and Restated Subsidiary Guarantee, dated as of the date hereof, made by LS Acquisition Corp. No. 14, Lear Seating Holdings Corp. No. 50, Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corporation No. 24, and Fair Haven Industries, Inc. in favor of the Agent, substantially in the form of Exhibit D to this Agreement.

"Subsidiary Reimbursement Obligation": the obligation of any Subsidiary to reimburse the Issuing Bank in accordance with the terms of this Agreement and the related Letter of Credit Application for any payment made by the Issuing Bank under any Letter of Credit.

"Swing Line Loan" and "Swing Line Loans": as defined in subsection 2.4(a).

"Swing Line Note": as defined in subsection 2.4(b).

"Swing Line Participation Certificate": a certificate substantially in the form of Exhibit H to this Agreement.

"Taxes": as defined in subsection 2.14.

"Termination Date": November 30, 1999 or such earlier date on which the Commitments are terminated pursuant to this Agreement.

"Transfer Effective Date": as defined in each Commitment Transfer Supplement.

"Transferee": as defined in subsection 11.6(f).

"Type": as to any Loan, its nature as an ABR Loan or Eurodollar Loan.

"Wholly-Owned Subsidiary": as to any Person, a corporation, partnership or other entity of which (a) 100% of the common capital stock or other ownership interests of such corporation, partnership or other entity or (b) more than 95% of the common capital stock or other ownership interests of such corporation, partnership or other entity

where the portion of the common capital stock or other ownership interests not held by such Person is held by other Persons to satisfy applicable legal requirements, is owned, directly or indirectly, by such Person; provided, however, that so long as the Borrower owns, directly or indirectly, more than 95% of the capital stock of Lear Italia, Lear Italia shall be deemed a Wholly-Owned Subsidiary of the Borrower.

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Borrower and its Subsidiaries not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF LOAN COMMITMENTS

2.1 Commitments. Subject to the terms and conditions hereof, each Bank, severally and not jointly, agrees to make revolving credit loans (individually, a "Revolving Credit Loan"; collectively, the "Revolving Credit Loans") to the Borrower from time to time during the Commitment Period in an aggregate principal amount, together with the other Extensions of Credit (after giving effect to participating interests to the Banks) of such Bank, not to exceed at any one time outstanding the amount set forth under the heading "Commitment" opposite the name of such Bank on Schedule 2.1, as such amount may be reduced from time to time pursuant to subsection 2.8 (collectively, the "Commitments"). During the Commitment Period, the Borrower may use the Commitments by borrowing, repaying the Revolving Credit Loans in whole or in part and reborrowing, all in accordance with the terms and conditions hereof; provided that on the date of the

making of any Revolving Credit Loans, and after giving effect to the making of such Revolving Credit Loans, the Extensions of Credit at such time shall not exceed the aggregate Commitments at such time. The Revolving Credit Loans may from time to time be ABR Loans, Eurodollar Loans or a combination thereof.

2.2 Revolving Credit Notes. The Revolving Credit Loans made by each Bank shall be evidenced by a promissory note of the Borrower, substantially in the form of Exhibit A (individually, a "Revolving Credit Note"; collectively, the "Revolving Credit Notes"), with appropriate insertions as to principal amount, payable to the order of such Bank and evidencing the obligation of the Borrower to pay a principal amount equal to the lesser of (a) the amount of the Commitment of such Bank and (b) the aggregate unpaid principal amount of all Revolving Credit Loans made by such Bank. Each Bank is hereby authorized to record the date and amount of each Revolving Credit Loan made by such Bank, and the date and amount of each payment or prepayment of principal thereof, on the schedule annexed to and constituting a part of its Revolving Credit Note, and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided that the failure by any Bank to make any such recordation on its Revolving Credit Note shall not affect any of the obligations of the Borrower under such Revolving Credit Note or this Agreement. Each Revolving Credit Note shall (i) be dated the Closing Date, (ii) be stated to mature on the Termination Date and (iii) bear interest, payable on the dates specified in subsection 4.1, for the period from the date thereof on the unpaid principal amount thereof from time to time outstanding at the interest rate per annum specified in subsection 4.1.

2.3 Procedure for Revolving Credit Borrowings. The Borrower may borrow under the Commitments during the Commitment Period on any Business Day by giving the Agent irrevocable written notice (which notice must be received by the Agent prior to 12:00 P.M., New York City time) one Business Day prior to the requested Borrowing Date of ABR Loans and three Working Days prior to the requested Borrowing Date of Eurodollar Loans, specifying (a) the amount to be borrowed, (b) the requested Borrowing Date and (c) whether the borrowing is to be of ABR Loans, Eurodollar Loans or a combination thereof and (d) if the borrowing is to be entirely or partly Eurodollar Loans, the amount of such Loan and the length of initial Interest Period therefor. Upon receipt of such notice from the Borrower, the Agent shall promptly notify each Bank thereof. Not later than 12:00 P.M., New York City time, on the Borrowing Date specified in such notice, each Bank shall make available to the Agent in immediately available funds in the amount equal to the Revolving Credit Loan to be made by such Bank. The Agent shall make the amount of such borrowing available to the Borrower by depositing the proceeds thereof in like funds as received by the Agent in the account of the Borrower with the Agent on the date the Revolving Credit Loans are made for transmittal by the Agent upon

the Borrower's request. Each borrowing pursuant to the Commitments, except any Revolving Credit Loan to be used solely to pay a like amount of Reimbursement Obligations or Swing Line Loans, shall be in an aggregate principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof.

2.4 Swing Line Commitments. (a) Subject to the terms and conditions hereof, Chemical agrees to make swing line loans (individually, a "Swing Line Loan"; collectively, the "Swing Line Loans") to the Borrower from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding not to exceed $40,000,000; provided that on the date of the making of any Swing Line Loan, and after giving effect to the making of such Swing Line Loan, the Extensions of Credit at such time shall not exceed the Commitments. Amounts borrowed by the Borrower under this subsection 2.4 may be repaid and, through but excluding the Termination Date, reborrowed. All Swing Line Loans shall be made as ABR Loans and shall not be entitled to be converted into Eurodollar Loans. The Borrower shall give Chemical irrevocable notice (which notice must be received by Chemical prior to 12:00 P.M., New York City time) on the requested Borrowing Date specifying the amount of the requested Swing Line Loan which shall be in an aggregate minimum amount of $500,000 or whole multiples thereof. The proceeds of the Swing Line Loan will be made available by Chemical to the Borrower at the office of Chemical by crediting the account of the Borrower at such office with such proceeds.

(b) The Swing Line Loans shall be evidenced by a promissory note of the Borrower, substantially in the form of Exhibit B (the "Swing Line Note"), with appropriate insertions, payable to the order of Chemical and representing the obligation of the Borrower to pay the unpaid principal amount of the Swing Line Loans, with interest thereon as prescribed in subsection 4.1. Chemical is hereby authorized to record the Borrowing Date, the amount of each Swing Line Loan and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part of the Swing Line Note, and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided that the failure by Chemical to make any such recordation on its Swing Line Note shall not affect any of the obligations of the Borrower under such Swing Line Note or this Agreement. The Swing Line Note shall (i) be dated the Closing Date, (ii) be stated to mature on the Termination Date and (iii) bear interest, payable on the dates specified in 4.1, for the period from the date thereof to the Termination Date on the unpaid principal amount thereof from time to time outstanding at the applicable interest rate per annum specified in subsection 4.1.

(c) Chemical, at any time in its sole and absolute discretion, may on behalf of the Borrower (which hereby irrevocably directs Chemical to act on its behalf) request each Bank, including Chemical, to make a Revolving Credit Loan in an

amount equal to such Bank's Commitment Percentage of the amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date such notice is given. Unless any of the events described in Section 9(i) shall have occurred (in which event the procedures of subsection 2.4(d) shall apply) each Bank shall, not later than 12:00 P.M., New York City time, on the Business Day next succeeding the date on which such notice is given, make available to Chemical in immediately available funds in the amount equal to the Revolving Credit Loan to be made by such Bank. The proceeds of such Revolving Credit Loans shall be immediately applied to repay the Refunded Swing Line Loans. Upon any request by Chemical to the Banks pursuant to this subsection 2.4(c), the Agent shall promptly give notice to the Borrower of such request.

(d) If prior to the making of a Revolving Credit Loan pursuant to subsection 2.4(c) one of the events described in Section 9(i) shall have occurred, each Bank will, on the date such Loan was to have been made, purchase an undivided participating interest in the Swing Line Loans in an amount equal to its Commitment Percentage of such Swing Line Loans. Each Bank will immediately transfer to Chemical, in immediately available funds, the amount of its participation, and upon receipt thereof Chemical will deliver to such Bank a Swing Line Participation Certificate dated the date of receipt of such funds and in the amount of such Bank's participation.

(e) Whenever, at any time after Chemical has received from any Bank such Bank's participating interest in a Swing Line Loan, Chemical receives any payment on account thereof, Chemical will distribute to such Bank its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Bank's participating interest was outstanding and funded); provided, however, that in the event that such payment received by Chemical is required to be returned, such Bank will return to Chemical any portion thereof previously distributed by Chemical to it.

2.5 Swing Line Loan Participations. Each Bank's obligation to purchase participating interests pursuant to subsection 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Bank or any Loan Party may have against Chemical, any Loan Party or anyone else for any reason whatsoever; (b) the occurrence or continuance of any Default or Event of Default; (c) any adverse change in the condition (financial or otherwise) of any Loan Party; (d) any breach of this Agreement by any Loan Party or any other Bank; or (e) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.6 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Revolving Credit Loans outstanding as Eurodollar Loans to ABR Loans by giving the Agent at least one Business Day's prior irrevocable notice of such election; provided that any such conversion of Eurodollar Loans shall only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Revolving Credit Loans outstanding as ABR Loans to Eurodollar Loans by giving the Agent at least three Working Days' prior irrevocable notice of such election. Upon receipt of such notice, the Agent shall promptly notify each Bank thereof. All or any part of the Revolving Credit Loans outstanding as Eurodollar Loans or ABR Loans may be converted as provided herein; provided that (i) no ABR Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing, (ii) partial conversions shall be in an aggregate principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof and (iii) any such conversion may only be made if, after giving effect thereto, subsection 2.7 shall not have been contravened.

(b) Any Eurodollar Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Borrower with the notice provisions contained in the definition of "Interest Period"; provided that no Eurodollar Loan may be continued as such when any Default or Event of Default has occurred and is continuing but in such circumstances shall be automatically converted to an ABR Loan on the last day of the then current Interest Period with respect thereto.

2.7 Minimum Amounts of Tranches. All borrowings, conversions, payments, prepayments and selection of Interest Periods hereunder in respect of the Revolving Credit Loans shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of any one Eurodollar Tranche shall not be less than $5,000,000.

2.8 Termination or Reduction of Commitments. (a) The Commitments shall automatically reduce by an amount equal to $58,750,000 on each of November 30, 1997, May 31, 1998, November 30, 1998 and May 31, 1999.

(b) The Borrower shall have the right, upon not less than five Business Days' notice to the Agent, to terminate the Commitments or to reduce the amount of the Commitments; provided that any such reduction shall be in an amount of $2,500,000 or a whole multiple of $500,000 in excess thereof and shall reduce permanently the amount of the Commitments then in effect.

(c) The Commitments shall automatically terminate on the Termination Date. Upon such termination, the Borrower shall immediately repay in full the principal amount of the Revolving Credit Loans and any unpaid Reimbursement Obligations then

outstanding together with accrued interest thereon and all other amounts due and payable hereunder, and, if any Letters of Credit are then outstanding, the Borrower shall deposit with the Agent in a cash collateral account to be established on terms and conditions satisfactory to the Agent an amount in cash equal to the undrawn face amount of all such Letters of Credit.

(d) Any reduction of Commitments pursuant to subsections 2.8(a), 2.8(b) or 8.6(e) shall be accompanied by prepayment of the Loans (together in each case with accrued interest on the amount so prepaid to the date of such prepayment and any additional amounts owing under subsection 2.13), to the extent, if any, that the amount of the Extensions of Credit then outstanding exceeds the amount of the Commitments as so reduced (provided that if the aggregate principal amount of Loans then outstanding is less than the amount of such excess because Letter of Credit Obligations constitute a portion thereof, the Borrower shall, to the extent of the balance of such excess, replace outstanding Letters of Credit with new letters of credit or deposit an amount equal to such excess in a cash collateral account with the Agent on terms and conditions satisfactory to the Agent).

2.9 Mandatory Prepayments. The Borrower will make mandatory prepayments on account of the Revolving Credit Loans as set forth in subsection 2.8.

2.10 Inability to Determine Interest Rate. In the event that:

(a) the Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the interbank eurodollar market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for any requested Interest Period; or

(b) the Agent shall have received notice prior to the first day of such Interest Period from Banks constituting the Required Banks that the interest rate determined pursuant to subsection 4.1 for such Interest Period does not accurately reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining their affected Loans during such Interest Period,

with respect to (i) proposed Loans that the Borrower has requested be made as Eurodollar Loans, (ii) Eurodollar Loans that will result from the requested conversion of ABR Loans into Eurodollar Loans or (iii) the continuation of Eurodollar Loans beyond the expiration of the then current Interest Period with respect thereto, the Agent shall give telex or telephonic notice of such determination to the Borrower and the Banks as soon as reasonably practicable after it becomes aware of such determination. If such notice is given (x) any requested

Eurodollar Loans shall be made as ABR Loans, (y) any ABR Loans that were to have been converted to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period with respect thereto, to ABR Loans. Until such notice has been withdrawn by the Agent, no further Eurodollar Loans shall be made, nor shall the Borrower have the right to convert ABR Loans to Eurodollar Loans.

2.11 Illegality. Notwithstanding any other provisions herein, if any Requirement of Law or any change therein or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Bank hereunder to make Eurodollar Loans or convert ABR Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Bank's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods for such Loans or within such earlier period as required by law. If any such prepayment or conversion of a Eurodollar Loan occurs on a day which is not the last day of the current Interest Period with respect thereto, the Borrower shall pay to such Bank such amounts, if any, as may be required pursuant to subsection 2.13.

2.12 Requirements of Law. (a) In the event that any Requirement of Law (or any change therein or in the interpretation or application thereof) or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority:

(i) does or shall subject any Bank to any tax of any kind whatsoever with respect to this Agreement, any Note or any Eurodollar Loans made by it, or change the basis of taxation of payments to such Bank of principal, commitment fee, interest or any other amount payable hereunder (except for changes in the rate of tax on the overall net income of such Bank);

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Bank which are not otherwise included in the determination of the Eurodollar Rate; or

(iii) does or shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank, by any amount which such Bank deems to be material, of making, renewing or maintaining advances or extensions of credit or to reduce any amount receivable hereunder, in each case in

respect of its Eurodollar Loans, then, in any such case, the Borrower shall promptly pay such Bank, upon receipt of its demand setting forth in reasonable detail any additional amounts necessary to compensate such Bank for such additional cost or reduced amount receivable, together with interest on each such amount from the date two Business Days after the date demanded until payment in full thereof at the ABR. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by such Bank, through the Agent, to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and payment of the outstanding Notes.

(b) In the event that any Bank shall have determined that the adoption of any law, rule, regulation or guideline regarding capital adequacy (or any change therein or in the interpretation or application thereof) or compliance by any Bank or any corporation controlling such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, including, without limitation, the issuance of any final rule, regulation or guideline, does or shall have the effect of reducing the rate of return on such Bank's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Bank or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, after submission by such Bank to the Borrower (with a copy to the Agent) of a written request therefor, the Borrower shall promptly pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction.

(c) If the obligation of any Bank to make Eurodollar Rate Loans has been suspended pursuant to subsection 2.10 for more than three consecutive months or any Bank has demanded compensation under subsection 2.12(a) or 2.12(b), the Borrower shall have the right to substitute a bank or banks (which may be one or more of the Banks) reasonably satisfactory to the Agent by causing such bank or banks to purchase the rights (by paying to such Bank the principal amount of its outstanding Loans together with accrued interest thereon and all other amounts accrued for its account or owed to it hereunder and executing a Commitment Transfer Supplement) and to assume the obligations of such Bank under the Loan Documents. Upon such purchase and assumption by such substituted bank or banks, the obligations of such Bank hereunder shall be discharged; provided such Bank shall retain its rights hereunder with respect to periods prior to such substitution including, without limitation, its rights to compensation under this subsection 2.12.

2.13 Indemnity. The Borrower agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense

which such Bank may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loans of such Bank, (b) default by the Borrower in making a borrowing or conversion after the Borrower has given a notice of borrowing in accordance with subsection 2.3 or a notice of conversion pursuant to subsection 2.6, (c) default by the Borrower in making any prepayment after the Borrower has given a notice in accordance with subsection 2.8 or (d) the making of a prepayment of a Eurodollar Loan on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it to maintain its Eurodollar Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. This covenant shall survive termination of this Agreement and payment of the outstanding Notes.

2.14 Taxes. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority excluding, in the case of the Agent and each Bank, income or franchise taxes imposed on the Agent or such Bank by the jurisdiction under the laws of which the Agent or such Bank is organized or any political subdivision or taxing authority thereof or therein or by any jurisdiction in which such Bank's lending office is located or any political subdivision or taxing authority thereof or therein or as a result of a connection between such Bank and any jurisdiction other than a connection resulting solely from entering into this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being thereinafter called "Taxes"). Subject to the provisions of subsection 2.14(c), if any Taxes are required to be withheld from any amounts payable to the Agent or any Bank hereunder or under the Notes or the Letters of Credit, the amounts so payable to the Agent or such Bank shall be increased to the extent necessary to yield to the Agent or such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. Whenever any Taxes are paid by the Borrower with respect to payments made in connection with this Agreement, as promptly as possible thereafter, the Borrower shall send to the Agent for its own account or for the account of such Bank, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. Subject to the provisions of subsection 2.14(c), if the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Agent and the Banks for any incremental taxes, interest or penalties that may become

payable by the Agent or any Banks as a result of any such failure.

(b) Each Bank that is not incorporated or organized under the laws of the United States of America or a state thereof agrees that, the first date any payment is due to be made to it hereunder or under any Note or Letter of Credit, it will deliver to the Borrower and the Agent (i) two valid, duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, certifying in each case that such Bank is entitled to receive payments under this Agreement, the Notes payable to it and the Letters of Credit, without deduction or withholding of any United States federal income taxes, and (ii) a valid, duly completed Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each Bank which delivers to the Borrower and the Agent a Form 1001 or 4224 and Form W-8 or W-9 pursuant to the next preceding sentence further undertakes to deliver to the Borrower and the Agent two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner or certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from withholding tax, or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower, and such extensions or renewals thereof as may reasonably be requested by the Borrower, certifying in the case of a Form 1001 or 4224 that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless any change in treaty, law or regulation or official interpretation thereof has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such letter or form with respect to it and such Bank advises the Borrower that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

(c) The Borrower shall not be required to pay any additional amounts to the Agent or any Bank (or Purchasing Bank) in respect of United States withholding tax pursuant to subsection 2.14(a) if (i) the obligation to pay such additional amounts would not have arisen but for a failure by the Agent or such Bank (or Purchasing Bank) to comply with the requirements of subsection 2.14(b) (or in the case of a Purchasing Bank, the requirements of subsection 11.6(g)) or (ii) the Agent or such Bank (or Purchasing Bank) shall not have furnished the Borrower with such forms and shall not have taken such other steps as reasonably may be available to it (provided, however, that such steps shall not impose on the Agent or such Bank any additional

costs or legal or regulatory burdens deemed by the Agent or such Bank in its sole judgment to be material) under applicable tax laws and any applicable tax treaty or convention to obtain an exemption from, or reduction (to the lowest applicable rate) of, such United States withholding tax.

(d) Each Bank agrees to use reasonable efforts (including reasonable efforts to change its lending office) to avoid or to minimize any amounts which might otherwise be payable pursuant this subsection 2.14; provided, however, that such efforts shall not impose on such Bank any additional costs or legal or regulatory burdens deemed by such Bank in its sole judgment to be material.

(e) The agreements in subsection 2.14(a) shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder until the expiration of the applicable statute of limitations for such taxes.

2.15 Use of Proceeds. The proceeds of the Revolving Credit Loans shall be used (a) to finance the Acquisition and (b) for other general corporate purposes. The proceeds of the Swing Line Loans shall be used solely to finance the short-term working capital needs of the Borrower and its Subsidiaries in the ordinary course of business.

2.16 Assignment of Commitments Under Certain Circumstances. In the event that any Bank shall have delivered a notice or certificate pursuant to subsection 2.12, the Borrower shall have the right, at its own expense, upon notice to such Bank and the Agent, to require such Bank to transfer and assign without recourse (in accordance with and subject to the restrictions contained in subsection 11.6) all its interests, rights and obligations under this Agreement to another bank or financial institution identified by the Borrower acceptable to the Agent (subject to the restrictions contained in subsection 11.6) which shall assume such obligations; provided that (a) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (b) the Borrower or the assignee, as the case may be, shall pay to the transferor Bank in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder, including, without limitation, amounts payable pursuant to subsection 2.12.

SECTION 3. LETTERS OF CREDIT

3.1 Letters of Credit. (a) Subject to the terms and conditions of this Agreement, Chemical (or such other Bank which succeeds Chemical as Agent), as Issuing Bank, agrees, and any other Issuing Bank may, as agreed between the Borrower and such Issuing Bank, agree, on behalf of the Banks, and in reliance on

the agreement of the Banks set forth in subsection 3.3, to issue for the account of the Borrower (or in connection with any Foreign Letter of Credit, for the joint and several accounts of the Borrower and such applicable Foreign Subsidiary) letters of credit in an aggregate face amount not to exceed $125,000,000 at any time outstanding, as follows:

(i) standby letters of credit (collectively, the "Standby Letters of Credit") in the form of either (A) in the case of standby letters of credit to be used for the purposes described in subsection 3.9(a) or (c), the Issuing Bank's standard standby letter of credit or (B) in the case of standby letters of credit to be used for the purposes described in subsection 3.9(b), a letter of credit reasonably satisfactory to the Issuing Bank, and in either case, in favor of such beneficiaries as the Borrower shall specify from time to time (which shall be reasonably satisfactory to the Issuing Bank);provided that the face value of all Foreign Letters of Credit with beneficiaries which are not organized under the laws of Canada or Mexico shall not exceed, in the aggregate $65,000,000; and

(ii) commercial letters of credit in the form of the Issuing Bank's standard commercial letters of credit ("Commercial Letters of Credit") in favor of sellers of goods or services to the Borrower or its Subsidiaries (the Standby Letters of Credit and Commercial Letters of Credit being referred to collectively as the "Letters of Credit");

provided that on the date of the issuance of any Letter of Credit, and after giving effect to such issuance, the Extensions of Credit shall not exceed the Commitments at such time. Each Standby Letter of Credit shall (i) have an expiry date no later than (A) with respect to any Standby Letter of Credit to be used for the purposes described in subsection 3.9(a) or (c), one year from the date of issuance thereof or, if earlier, the Termination Date or (B) with respect to any Standby Letter of Credit to be used for the purposes described in subsection 3.9(b), the Termination Date, (ii) be denominated in Dollars and (iii) be in a minimum face amount of $500,000. Each Commercial Letter of Credit shall (i) provide for the payment of sight drafts when presented for honor thereunder, or of time drafts, in each case in accordance with the terms thereof and when accompanied by the documents described or when such documents are presented, as the case may be, (ii) be denominated in Dollars and (iii) have an expiry date no later than six months from the date of issuance thereof or, if earlier, the Termination Date.

(b) Pursuant to the Amended and Restated Credit Agreement, Chemical, as Issuing Bank, has issued the Letters of Credit described in Schedule 3.1 (the "Existing Letters of Credit"). From and after the Closing Date, the Existing Letters of Credit shall for all purposes be deemed to be Letters of Credit outstanding under this Agreement.

3.2 Procedure for Issuance of Letters of Credit. The Borrower may from time to time request, upon at least three Business Days' notice, Chemical, as Issuing Bank, to issue a Letter of Credit by delivering to such Issuing Bank at its address specified in subsection 11.2 a Letter of Credit Application, completed to the satisfaction of such Issuing Bank, together with such other certificates, documents and other papers and information as such Issuing Bank may reasonably request. Upon receipt of any Letter of Credit Application from the Borrower, or, in the case of a Foreign Letter of Credit, from the Borrower and the Foreign Subsidiary that is an account party on such Letter of Credit, such Issuing Bank will promptly, but in no event later than five Business Days following receipt of such Letter of Credit Application, notify each Bank thereof. Upon receipt of any Letter of Credit Application, Chemical, as Issuing Bank, will process such Letter of Credit Application, and the other certificates, documents and other papers delivered in connection therewith, in accordance with its customary procedures and shall promptly issue such Letter of Credit (but in no event earlier than three Business Days after receipt by such Issuing Bank of the Letter of Credit Application relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof and by furnishing a copy thereof to the Borrower and the Participating Banks. In addition, the Borrower may from time to time agree with Issuing Banks other than Chemical upon procedures for issuance by such Issuing Banks of Letters of Credit and cause Letters of Credit to be issued by following such procedures. Such procedures shall be reasonably satisfactory to the Agent. Prior to the issuance of any Letter of Credit, the Issuing Bank will confirm with the Agent that the issuance of such Letter of Credit is permitted pursuant to Section 3 and subsection 5.2. Additionally, each Issuing Bank and the Borrower shall inform the Agent of any modifications made to outstanding Letters of Credit, of any payments made with respect to such Letters of Credit, and of any other information regarding such Letters of Credit as may be reasonably requested by the Agent, in each case pursuant to procedures established by the Agent.

3.3 Participating Interests. In the case of each Existing Letter of Credit, effective on the Closing Date, and in the case of each Letter of Credit issued on or after the Closing Date, effective as of the date of the issuance thereof, the Issuing Bank in respect of such Letter of Credit agrees to allot and does allot, to each other Bank, and each such Bank severally and irrevocably agrees to take and does take a Participating Interest in such Letter of Credit and the related Letter of Credit Application in a percentage equal to such Bank's Commitment Percentage. On the date that any Purchasing Bank becomes a party to this Agreement in accordance with subsection 11.6, Participating Interests in any outstanding Letter of Credit held by the Bank from which such Purchasing Bank acquired its interest hereunder shall be proportionately reallotted between such Purchasing Bank and such transferor Bank. Each Participating Bank hereby agrees that its obligation to

participate in each Letter of Credit issued hereunder and to pay or to reimburse the Issuing Bank in respect of such Letter of Credit for its participating share of the drafts drawn thereunder shall be irrevocable and unconditional; provided that no Participating Bank shall be liable for the payment of any amount under subsection 3.4(b) resulting solely from such Issuing Bank's gross negligence or willful misconduct.

3.4 Payments. (a) The Borrower agrees (and in the case of a Foreign Letter of Credit, such Foreign Subsidiary for whose account such Letter of Credit was issued shall also agree, jointly and severally) (i) to reimburse the Agent for the account of the relevant Issuing Bank, forthwith upon its demand and otherwise in accordance with the terms of the Letter of Credit Application, if any, relating thereto, for any payment made by such Issuing Bank under any Letter of Credit issued by such Issuing Bank for its account and (ii) to pay to the Agent for the account of such Issuing Bank, interest on any unreimbursed portion of any such payment from the date of such payment until reimbursement in full thereof at a fluctuating rate per annum equal to the rate then borne by ABR Loans pursuant to subsection 4.1(a) plus 2%.

(b) In the event that an Issuing Bank makes a payment under any Letter of Credit and is not reimbursed in full therefor, forthwith upon demand of such Issuing Bank, and otherwise in accordance with the terms hereof or of the Letter of Credit Application, if any, relating to such Letter of Credit, such Issuing Bank will promptly through the Agent notify each Participating Bank that acquired its Participating Interest in such Letter of Credit from such Issuing Bank. No later than the close of business on the date such notice is given, each such Participating Bank will transfer to the Agent, for the account of such Issuing Bank, in immediately available funds, an amount equal to such Participating Bank's pro rata share of the unreimbursed portion of such payment. Upon its receipt from such Participating Bank of such amount, such Issuing Bank will, if so requested by such Participating Bank, complete, execute and deliver to such Participating Bank a Letter of Credit Participation Certificate dated the date of such receipt and in such amount.

(c) Whenever, at any time, after an Issuing Bank has made payment under a Letter of Credit and has received from any Participating Bank such Participating Bank's pro rata share of the unreimbursed portion of such payment, such Issuing Bank receives any reimbursement on account of such unreimbursed portion or any payment of interest on account thereof, such Issuing Bank will distribute to the Agent, for the account of such Participating Bank, its pro rata share thereof; provided, however, that in the event that the receipt by such Issuing Bank of such reimbursement or such payment of interest (as the case may be) is required to be returned, such Participating Bank will promptly return to the Agent, for the account of such Issuing

Bank, any portion thereof previously distributed by such Issuing Bank to it.

3.5 Increased Costs. (a) In the event that any Requirement of Law (or any change therein or in the interpretation or application thereof) or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority shall either (i) impose, modify or hold applicable any reserve, special deposit or similar requirement against letters of credit issued by an Issuing Bank or participated in by other Banks or (ii) impose upon an Issuing Bank or on any other Bank any other condition regarding any Letter of Credit and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost to such Issuing Bank or any other Bank of issuing or maintaining such Letter of Credit (or its participation therein, as the case may be), or to reduce any amount receivable in connection therewith then, in any such case the Borrower shall, without duplication of any amounts paid pursuant to subsection 2.12(a), promptly pay to such Issuing Bank or such other Bank, as the case may be, upon receipt of its demand setting forth in reasonable detail any additional amounts which shall be sufficient to compensate such Issuing Bank or such other Bank for such increased cost or reduced amount receivable, together with interest on each such amount from the date two Business Days after the date demanded until payment in full thereof at the ABR. A certificate as to the fact and amount of such increased cost incurred by such Issuing Bank or such other Bank or such reduced amount receivable as a result of any event mentioned in clause (i) or (ii) above, submitted by such Issuing Bank or any such other Bank (through the Agent) to the Borrower, shall be conclusive in the absence of manifest error.

(b) In the event that an Issuing Bank shall have determined that the adoption of any law, rule, regulation or guideline regarding capital adequacy, or any change therein or in the interpretation or application thereof or compliance by such Issuing Bank or any corporation controlling such Issuing Bank with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, including, without limitation, the issuance of any final rule, regulation or guideline, does or shall have the effect of reducing the rate of return on such Issuing Bank's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Issuing Bank or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Issuing Bank's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Issuing Bank to be material, then from time to time, after submission by such Issuing Bank to the Borrower (with a copy to the Agent) of a written request therefor, the Borrower shall promptly pay to such Issuing Bank, without duplication of any amounts paid pursuant to

subsection 2.12(b), such additional amount or amounts as will compensate such Issuing Bank for such reduction.

3.6 Further Assurances. (a) The Borrower hereby agrees, from time to time, to do and perform any and all acts and to execute any and all further instruments reasonably requested by an Issuing Bank more fully to effect the purposes of this Agreement and the issuance of the Letters of Credit opened hereunder.

(b) It is understood that in connection with Letters of Credit issued for the purposes described in subsection 3.9(b) it may be customary for the Issuing Bank in respect of such Letter of Credit to obtain an opinion of its counsel relating to such Letter of Credit, and each Issuing Bank that issues such a Letter of Credit agrees to cooperate with the Borrower in obtaining such customary opinion, which opinion shall be at the Borrower's expense unless otherwise agreed to by such Issuing Bank.

3.7 Obligations Absolute. The payment obligations of the Borrower under subsection 3.4 shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of any Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Bank or any Participating Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein, or any unrelated transaction;

(b) any statement or any other document presented under any Letter of Credit opened for its account proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(c) payment by an Issuing Bank under any Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit, except payment resulting solely from the gross negligence or willful misconduct of such Issuing Bank; or

(d) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing, except circumstances or happenings resulting from the gross negligence or willful misconduct of such Issuing Bank.

3.8 Letter of Credit Application. To the extent not inconsistent with the terms of this Agreement (in which case the

provisions of this Agreement shall prevail), provisions of any Letter of Credit Application related to any Letter of Credit are supplemental to, and not in derogation of, any rights and remedies of the Issuing Banks and the Participating Banks under this Section 3 and applicable law. The Borrower acknowledges and agrees that all rights of the Issuing Bank under any Letter of Credit Application shall inure to the benefit of each Participating Bank to the extent of its Commitment Percentage as fully as if such Participating Bank was a party to such Letter of Credit Application.

3.9 Purpose of Letters of Credit. Each Standby Letter of Credit shall be used by the Borrower solely (a) to provide credit support for borrowings by the Borrower or its Subsidiaries, (b) to pay or secure the payment of the principal amount of, and accrued interest on, and other obligations with respect to, Industrial Revenue Bonds in accordance with the provisions of the indenture related thereto, or (c) for other working capital purposes of the Borrower and Subsidiaries in the ordinary course of business. Each Commercial Letter of Credit will be used by the Borrower and Subsidiaries solely to provide the primary means of payment in connection with the purchase of goods or services by the Borrower and Subsidiaries in the ordinary course of business.

SECTION 4. INTEREST RATE PROVISIONS, FEES AND PAYMENTS

4.1 Interest Rates and Payment Dates. (a) Each ABR Loan shall bear interest for the period from and including the date thereof until maturity, repayment or conversion on the unpaid principal amount thereof at a rate per annum equal to the ABR.

(b) Each Eurodollar Loan shall bear interest for each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the Eurodollar Rate determined for such Interest Period plus the Applicable Margin.

(c) If all or a portion of the principal amount of any of the Loans shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), each Eurodollar Loan shall be converted to an ABR Loan at the end of the last Interest Period therefor for which the Agent shall have determined, on or prior to the date such unpaid principal amount became due, a Eurodollar Rate. Any overdue principal amount of any Loan shall bear interest from the due date thereof until payment in full thereof (as well after judgment as before judgment) at a rate per annum equal to the interest rate then borne by each such Loan under subsection 4.1(a) or 4.1(b), as applicable, plus 2%. Any overdue fees payable hereunder shall bear interest from the due date thereof until payment in full thereof (as well after judgment as before judgment) at a rate per annum equal to the interest rate then borne by ABR Loans plus 2%.

(d) Interest payable under subsection 4.1(a) or 4.1(b) shall be payable in arrears on each Interest Payment Date, commencing on the first such date to occur after the Closing Date. Interest payable under subsection 4.1(c) shall be payable on demand.

4.2 Commitment Fees. The Borrower agrees to pay to the Agent, for the account of each Bank, a commitment fee for the period from and including the Closing Date to the Termination Date calculated on the average daily Available Commitment of such Bank for each day during the period for which such commitment fee is being paid, at the rate per annum set forth below opposite the Coverage Ratio and Debt Ratio most recently determined:

Ratio Levels	Commitment Fee Rate
Level I:	
Coverage Ratio is less than 4.0 to 1 and Debt Ratio is greater than 3.25 to 1	0.375%
Level II:	
Coverage Ratio is equal to or greater than 4.0 to 1 but less than 5.0 to 1 and Debt Ratio is equal to or less than 3.25 to 1 but greater than 1.75 to 1	0.250%
Level III:	
Coverage Ratio is equal to or greater than 5.0 to 1 and Debt Ratio is equal to or less than 1.75 to 1	0.200%;

provided that (i) the commitment fee rate commencing on the Closing Date shall be that set forth above opposite Level II until the first Adjustment Date for which the Coverage Ratio or Debt Ratio falls within another Level, (ii) the commitment fee rate determined for any Adjustment Date shall remain in effect until a subsequent Adjustment Date for which the Coverage Ratio or Debt Ratio falls within a different Level, (iii) if the financial statements and related compliance certificate for any fiscal period are not delivered by the date due pursuant to subsection 7.1, the commitment fee rate shall be that set forth above opposite Level I from such due date until the subsequent

Adjustment Date, and (iv) if the Debt Ratio and the Coverage Ratio do not fall within the same Level, the rate applicable will be the rate set forth above opposite such higher Level. Such fee shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on December 31, 1994 and on the Termination Date. For purposes of this subsection 4.2(b), the higher Level shall be the Level at which the applicable rate would be higher.

4.3 Agent's Fees. The Borrower agrees to pay to the Agent for its own account any administrative fees as agreed between the Agent and the Borrower in writing from time to time.

4.4 Letter of Credit Fees. (a) In lieu of any letter of credit commissions and fees provided for in any Letter of Credit Application (other than any standard issuance, amendment and negotiation fees), the Borrower will pay the Agent, (i) for the account of the Issuing Bank, a non-refundable fronting fee equal to 0.25% per annum and (ii) for the account of the Banks, a non-refundable Letter of Credit fee equal to the Applicable Margin with respect to Eurodollar Loans less 0.25%, in each case on the amount available to be drawn under such Letter of Credit. Such fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter, and shall be calculated on the average daily amount available to be drawn under the Letters of Credit.

(b) The Borrower agrees to pay the Issuing Bank for its own account its customary administration, amendment, transfer and negotiation fees charged by the Issuing Bank in connection with its issuance and administration of Letters of Credit.

4.5 Computation of Interest and Fees. (a) Interest on the Loans and all fees payable pursuant hereto shall be calculated on the basis of a 360 day year for the actual days elapsed. The Agent shall as soon as practicable notify the Borrower and the Banks of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR, the Eurocurrency Reserve Requirements or the Applicable Margin shall become effective as of the opening of business on the day on which such change in the ABR is announced, such change in the Eurocurrency Reserve Requirements shall become effective or such change in the Applicable Margin occurs, as the case may be. The Agent shall as soon as practicable notify the Borrower and the Banks of the effective date and the amount of each such change. For purposes of the Interest Act (Canada), where, in respect of any Loan, (i) a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of interest to which the 360 day rate is equivalent is such rate multiplied by the number of days in the year for which such calculation is made and divided by 360, or (ii) an annual rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

(b) Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Banks in the absence of manifest error. The Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Agent in determining any interest rate pursuant to subsection 4.1(b).

(c) If any Reference Bank's Commitments shall terminate (otherwise than on termination of all the Commitments), or its Loans shall be assigned for any reason whatsoever, such Reference Bank shall thereupon cease to be a Reference Bank, and if, as a result of the foregoing, there shall only be one Reference Bank remaining, then the Agent (after consultation with the Borrower and the Banks) shall, by notice to the Borrower and the Banks, designate another Bank as a Reference Bank so that there shall at all times be at least two Reference Banks.

(d) Each Reference Bank shall use its best efforts to furnish quotations of rates to the Agent as contemplated hereby. If any of the Reference Banks shall be unable or otherwise fails to supply such rates to the Agent upon its request, the rate of interest shall be determined on the basis of the quotations of the remaining Reference Banks or Reference Bank.

4.6 Pro Rata Treatment and Payments. Each borrowing by the Borrower hereunder (other than pursuant to subsection 2.4(a)), each conversion or continuation of a Loan under subsection 2.6, each payment (including each prepayment) by the Borrower on account of principal, interest and fees hereunder (except fees referred to in subsections 4.3, 4.4(a)(i) and 4.4(b) and except for payments in respect of Swing Line Loans) and any reduction of the Commitments shall be made pro rata according to the respective Commitment Percentages of the Banks. All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees shall be made without set off or counterclaim and shall be made to the Agent, for the account of the Banks (except with respect to the fees referred to in subsections 4.3, 4.4(a)(i) and 4.4(b) and except for payments in respect of Swing Line Loans), at the Agent's office set forth in subsection 11.2, in each case on or prior to 12:00 P.M., New York City time, in lawful money of the United States of America and in immediately available funds. The Agent shall promptly distribute each such payment to each Bank. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month in which

event such payment shall be made on the immediately preceding Working Day.

4.7 Failure by Banks to Make Funds Available. Unless the Agent shall have been notified in writing by any Bank prior to a Borrowing Date that such Bank will not make the amount which would constitute its Commitment Percentage of the borrowing on such Borrowing Date available to the Agent, the Agent may assume that such Bank has made such amount available to the Agent on such Borrowing Date in accordance with subsection 2.3 or 2.4, as the case may be, and the Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is made available to the Agent on a date after such Borrowing Date, such Bank shall pay to the Agent on demand an amount equal to the product of (a) the daily average Federal funds rate during such period as quoted by the Agent, times (b) the amount of such Bank's Commitment Percentage of such borrowing, times (c) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Bank's Commitment Percentage of such borrowing shall have become immediately available to the Agent and the denominator of which is 360. A certificate of the Agent submitted to any Bank with respect to any amounts owing under this subsection 4.7 shall be conclusive, absent manifest error. If such Bank's Commitment Percentage of such borrowing is not in fact made available to the Agent by such Bank within three Business Days of such Borrowing Date, the Agent shall be entitled to recover from the Borrower such amount, on demand, with interest thereon at the rate applicable to the Loans made on such Borrowing Date. Nothing herein shall be deemed to relieve any Bank from its obligation to fulfill its Commitment hereunder or to prejudice any rights which the Borrower may have against such Bank as a result of any default by such Bank hereunder.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Closing Date. The Closing Date shall occur on the date of satisfaction of the following conditions precedent:

(a) Agreement; Notes. The Agent shall have received (i) a counterpart of this Agreement for each Bank, duly executed by a Responsible Officer of the Borrower and (ii) for each Bank, a Revolving Credit Note (and, in the case of Chemical, a Swing Line Note) conforming to the requirements hereof, duly executed by a Responsible Officer of the Borrower.

(b) Subsidiary Guarantee. The Agent shall have received, with a counterpart for each Bank, the Subsidiary Guarantee duly executed by each guarantor party thereto and by the Agent.

(c) Security Agreements. The Agent shall have received, with a counterpart for each Bank, each of the Security Agreements duly executed by the grantor party thereto and by the Agent, including the Acknowledgment and Confirmation with respect to the Amended and Restated General Security Agreement.

(d) Pledge Agreements. The Agent shall have received, with a counterpart for each Bank, each of the Pledge Agreements duly executed by the pledgor party thereto and by the Agent, including the Acknowledgment and Confirmation with respect to the Amended and Restated Canadian Pledge Agreement and the Confirmation with respect to the Pledge Agreement ("Nantissement").

(e) Pledged Stock; Stock Powers. The Agent shall have received the certificates representing the shares pledged pursuant to each of the Pledge Agreements, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(f) Mortgages. The Agent shall have received, with a counterpart for each Bank, a certified true copy of each of the Mortgages.

(g) Perfection Actions. Except for (i) the notarization and the related notification relating to the Second Amended and Restated German Pledge Agreement, (ii) the perfection procedures detailed in the Second Amended and Restated Mexican Pledge Agreement and the Second Amended and Restated Additional Mexican Pledge Agreement and (iii) the notarization and filings relating to the Amendment Agreement to the Irrevocable Property Conveyance Trust Agreements covering the Rio Bravo, San Lorenzo and La Cuesta facilities of Favesa, all filings, registrations and recordings necessary or recommended in order to continue the perfection and priority of the Agent's security interest purported to be created by the Security Documents shall have been accomplished. The Agent shall have received evidence reasonably satisfactory to it of each such filing, registration or recordation and satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto.

(h) Consents. The Agent shall have received, with copies and executed certificates for each Bank, true and correct copies (in each case certified as to authenticity on such date by a duly authorized officer of the Borrower) of all documents and instruments, including all consents, authorizations and filings, required under any Requirement of Law or by Contractual Obligation of Borrower or any of its Subsidiaries, in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the other Loan Documents, and such consents,

authorizations and filings shall be satisfactory in form and substance to the Banks and be in full force and effect.

(i) Incumbency Certificates. The Agent shall have received, with a counterpart for each Bank, a certificate of the Secretary or Assistant Secretary of each Domestic Loan Party, dated the Closing Date, as to the incumbency and signature of their respective officers executing each Loan Document to be entered into on the Closing Date to which it is a party, together with satisfactory evidence of the incumbency of such Secretary or Assistant Secretary.

(j) Corporate Proceedings. The Agent shall have received, with a counterpart for each Bank, a copy of the resolutions in form and substance satisfactory to the Agent, of the Board of Directors (or the executive committee thereof) of each Domestic Loan Party authorizing (i) the execution, delivery and performance of each Loan Document to be entered into on the Closing Date to which it is a party, and (ii) the granting by it of the pledge and security interests, if any, granted by it pursuant to such Loan Document, certified by their respective Secretary or an Assistant Secretary as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate.

(k) Litigation. No material suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or order by a state or federal court shall have been entered (i) in connection with any Loan Document or any of the transactions contemplated hereby or (ii) which, in any such case, could have a material adverse effect on (A) the transactions contemplated by any Loan Document including, without limitation, the financings contemplated hereby or (B) the business, operations, properties, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole.

(l) Fees. The Agent shall have received all fees required to be paid to the Agent and/or the Banks pursuant to Section 4 and/or any other written agreement on or prior to the Closing Date.

(m) Legal Opinion of Counsel to Borrower. The Agent shall have received, with a copy for each Bank, an opinion, dated the Closing Date, of Winston & Strawn, counsel to Borrower and its Subsidiaries, and Michigan counsel to Borrower and its Subsidiaries, acceptable to the Agent, in form and substance satisfactory to the Banks and covering

such matters incident to the transactions contemplated hereby as the Banks may reasonably require.

(n) Legal Opinions of Foreign Counsel. The Agent shall have received or waived as a condition precedent, with a counterpart for each Bank, an opinion of Stikeman, Elliott, Canadian counsel to the Borrower, Blake, Cassels & Graydon, Baker & McKenzie, Swedish counsel to the Borrower, Freshfields, French counsel to the Agent, and Clifford Chance, U.K. counsel to the Agent in form and substance satisfactory to the Banks and covering such matters incident to the transactions contemplated hereby as the Banks may reasonably require.

(o) Subordinated Debt Documents; Other Agreements. The Agent shall have received, with a counterpart for each Bank, a certified true copy of the Subordinated Note Indenture, the Senior Subordinated Note Indenture, the Stockholders Agreement, the Subscription Agreements and the Purchase Agreement.

(p) Amended and Restated Credit Agreement. All fees and expenses payable under the Amended and Restated Credit Agreement and accrued through the Closing Date shall have been paid in full; provided that all such fees shall be reasonable and billed to the Borrower at least 3 days prior to the Closing Date.

(q) Representations and Warranties. The representations and warranties made by each of the Loan Parties in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date.

(r) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by the Loan Documents shall be reasonably satisfactory in form and substance to the Agent.

(s) Subsection 11.14 Provisions. The provisions of subsection 11.14 shall have been complied with.

5.2 Conditions to Each Loan and Each Letter of Credit. The agreement of each Bank to make any Loan requested to be made by it on any date (including, without limitation, the Closing Date) and the agreement of the Issuing Bank to open any Letter of Credit requested to be opened on any date (including, without limitation, the Closing Date), is subject to the satisfaction of the following conditions precedent as of the date such Loan or Letter of Credit is requested to be made or opened:

(a) Representations and Warranties. Each of the representations and warranties made by each of the Loan

Parties in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans or the Letters of Credit requested to be made or opened, as the case may be, on such date.

(c) No Litigation. No material litigation, investigation or proceeding before or by any arbitrator or Governmental Authority shall be continuing or threatened against Borrower, any Subsidiary or any of the officers or directors of any thereof in connection with any Loan Document or any of the transactions contemplated hereby or thereby.

(d) No Violations of Law. The Loans and the use of proceeds thereof shall not contravene, violate or conflict with, nor involve any Bank in a violation of, any law, rule, injunction, or regulation or determination of any court of law or other Governmental Authority.

(e) No Change. Since the Closing Date, there shall have been no material adverse change in the business, operations, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole.

(f) Borrowing Certificate. The Agent shall have received, with a copy for each Bank, a certificate of the Borrower, substantially in the form of Exhibit G, dated such Borrowing Date and executed and delivered by a Responsible Officer of the Borrower.

Each borrowing by the Borrower hereunder and each request for issuance of a Letter of Credit shall constitute a representation and warranty by the Borrower as of the date of such borrowing that the conditions contained in this subsection 5.2 have been satisfied.

5.3 Conditions Precedent to Loan to Finance the Acquisition. The agreement of each Bank to make any Loan the proceeds of which are to be used to finance in whole or in part the Acquisition is subject to the satisfaction of the following conditions precedent:

(a) Date of Loan. Such Loan and the Acquisition shall occur on or before January 31, 1995.

(b) Acquisition Documents. The Agent shall have received, with a counterpart for each Bank, certified true copies of the acquisition agreements and related documents related to the Acquisition, in each case, in form and substance reasonably satisfactory to the Agent.

SECTION 6. REPRESENTATIONS AND WARRANTIES

To induce the Banks to enter into this Agreement and to make the Loans, and to induce the Issuing Bank to issue Letters of Credit, the Borrower hereby represents and warrants to the Agent and to each Bank that:

6.1 Financial Statements. The audited consolidated balance sheets of the Borrower as of December 31, 1993 and the related statements of income and cash flow for the period ending on such date, heretofore furnished to the Agent and the Banks and certified by a Responsible Officer of the Borrower are complete and correct in all material respects and fairly present the financial condition of the Borrower on such date in conformity with GAAP applied on a consistent basis (subject to normal year-end adjustments). All liabilities, direct and contingent, of the Borrower on such dates required to be disclosed pursuant to GAAP are disclosed in such financial statements.

6.2 No Change. There has been no material adverse change in the business, operations, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole from that reflected on the financial statements dated December 31, 1993 referred to in subsection 6.1.

6.3 Corporate Existence; Compliance with Law. The Borrower and each of its Subsidiaries (a) is duly organized, validly existing and in good standing (or the functional equivalent thereof in the case of Foreign Subsidiaries) under the laws of the jurisdiction of its organization, (b) has the corporate power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing (or the functional equivalent thereof in the case of Foreign Subsidiaries) under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole and would not adversely affect the ability of any Loan Party to perform its respective obligations under the Loan Documents to which it is a party and (d) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not, individually or in the aggregate, have a material adverse effect on the business, operations, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole and could not adversely affect the ability of any Loan Party to perform its obligations under the Loan Documents to which it is a party.

6.4 Corporate Power; Authorization; Enforceable Obligations. (a) Each Loan Party has the corporate power and authority, and the legal right, to execute, deliver and perform each of the Loan Documents to which it is a party or to which this Agreement requires it to become a party. The Borrower has the corporate power and authority to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and the Notes. Each Loan Party has taken all necessary corporate action to authorize the execution, delivery and performance of each of the Loan Documents to which it is a party or to which this Agreement requires it to become a party.

(b) No consent or authorization of, filing with or other act by or in respect of any Person (including, without limitation, any Governmental Authority) is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents or the consummation of any of the transactions contemplated hereby or thereby, except for consents, authorizations, or filings which have been obtained and are in full force and effect.

(c) This Agreement and each other Loan Document to which any Loan Party is a party has been, and each other Loan Document to be executed by a Loan Party hereunder will be, duly executed and delivered on behalf of such Loan Party. This Agreement and each other Loan Document to which any Loan Party is a party constitutes, and each other Loan Document to be executed by a Loan Party hereunder will constitute, a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

6.5 No Legal Bar; Senior Debt. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party, the borrowings hereunder and the use of the proceeds thereof, (a) will not violate any Requirement of Law or any Contractual Obligation of the Borrower or any other Loan Party (including, without limitation, the Senior Subordinated Note Indenture and the Subordinated Note Indenture) except for violations of Requirements of Law and Contractual Obligations (other than such Indentures) which, individually or in the aggregate will not have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole and will not adversely affect the ability of any Loan Party to perform its obligations under any of the Loan Documents to which it is a party and (b) will not result in, or require, the creation or imposition of any Lien (other than the Liens created by the Security Documents) on any of its or their respective properties

or revenues pursuant to any Requirement of Law or Contractual Obligation. The Obligations constitute "Senior Indebtedness" benefitting from the subordination provisions contained in the Subordinated Debt, except to the extent that such Obligations are owed to an Affiliate of the Borrower.

6.6 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to any Loan Document or any of the transactions contemplated hereby or thereby, (b) which, if adversely determined, would have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole or (c) which could adversely affect the ability of any Loan Party to perform its obligations under any of the Loan Documents to which it is a party.

6.7 No Default. Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation or any order, award or decree of any Governmental Authority or arbitrator binding upon it or any of its properties in any respect which would have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole or which would adversely affect the ability of any Loan Party to perform its obligations under any of the Loan Documents to which it is a party. No Default or Event of Default has occurred and is continuing.

6.8 Ownership of Property; Liens. The Borrower and each of its Material Subsidiaries has good record and marketable title in fee simple to, or a valid and subsisting leasehold interest in all its real property, and good title to all its other property, and none of such property is subject to any Lien, except as permitted in subsection 8.3.

6.9 No Burdensome Restrictions. No Contractual Obligation of the Borrower or any of its Subsidiaries and no Requirement of Law materially adversely affects, or insofar as the Borrower could reasonably foresee may so affect, the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole.

6.10 Taxes. The Borrower and each of its Material Subsidiaries has filed or caused to be filed all tax returns which to the knowledge of the Borrower are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than those which, in the aggregate, are not substantial in amount or

those the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); and no tax lien has been filed and, to the knowledge of the Borrower, no claim is being asserted with respect to any such tax, fee or other charge.

6.11 Federal Regulations. No Loan Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U or Regulation G of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of any Loans hereunder will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors.

6.12 ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred and no Lien under the Code or ERISA in favor of PBGC or a Single Employer Plan has arisen during the five-year period prior to the date as of which this representation is deemed made. The present value of all accrued benefits under each Single Employer Plan maintained by the Borrower or any Commonly Controlled Entity (based on those assumptions used to fund the Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits, either individually or in the aggregate with all other Single Employer Plans under which such accrued benefits exceed such assets, by more than $10,000,000. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan, and neither the Borrower nor any Commonly Controlled Entity would become subject to liability under ERISA in the aggregate which exceeds $10,000,000 if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date hereof, and no such withdrawal is likely to occur. No such Multiemployer Plan is in Reorganization or Insolvent. The present value (determined using actuarial and other assumptions which are reasonable in respect of the benefits provided and the employees participating) of the liability of the

Borrower and each Commonly Controlled Entity for post retirement benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA) does not, in the aggregate, exceed the assets under all such Plans allocable to such benefits by an amount in excess of $75,000,000.

6.13 Investment Company Act; Other Regulations. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any federal or state statute or regulation which limits its ability to incur Indebtedness.

6.14 Subsidiaries, etc. The only Subsidiaries of the Borrower, and the only partnerships, joint ventures or business trusts in which the Borrower or any Subsidiary has an interest as of the Closing Date, are those listed on Schedule 6.14. The Borrower owns, as of the Closing Date, the percentage of the issued and outstanding capital stock or other evidences of the ownership of each Subsidiary, partnership or joint venture listed on Schedule 6.14 as set forth on such Schedule. No such Subsidiary, partnership or joint venture has issued any securities convertible into shares of its capital stock (or other evidence of ownership) or any options, warrants or other rights to acquire such shares or securities convertible into such shares (or other evidence of ownership), and the outstanding stock and securities (or other evidence of ownership) of such Subsidiaries, partnerships or joint ventures are owned by the Borrower and its Subsidiaries free and clear of all Liens, warrants, options or rights of others of any kind whatsoever except for Liens permitted by subsection 8.3. All of the divisions of the Borrower and its Subsidiaries as of the Closing Date are listed on Schedule 6.14.

6.15 Accuracy and Completeness of Information. All information, reports and other papers and data with respect to the Borrower and its Subsidiaries and, to the best knowledge of the Borrower after due inquiry, with respect to the Fiat Seat Business and the Acquisition (other than projections) furnished to the Banks by the Borrower or on behalf of the Borrower, were, at the time the same were so furnished, complete and correct in all material respects, or have been subsequently supplemented by other information, reports or other papers or data, to the extent necessary to give the Banks a true and accurate knowledge of the subject matter in all material respects. All projections with respect to the Borrower and its Subsidiaries or with respect to the Acquisition, so furnished by the Borrower, as supplemented, were prepared and presented in good faith by the Borrower, it being recognized by the Banks that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. No fact is known to the Borrower which materially and adversely affects or in the future

may (so far as the Borrower can reasonably foresee) materially and adversely affect the business, assets, liabilities, financial or other condition or prospects of the Borrower or its Subsidiaries taken as a whole, which has not been set forth in the financial statements referred to in subsection 6.1 or in such information, reports, papers and data or otherwise disclosed in writing to the Banks prior to the Closing Date. No document furnished or statement made in writing to the Banks by the Borrower in connection with the negotiation, preparation or execution of this Agreement contains any untrue statement of a material fact, or, to the knowledge of the Borrower after due inquiry, omits to state any such material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Banks.

6.16 Security Documents. (a) Each Security Agreement is effective to create in favor of the Agent, for the ratable benefit of the Banks, a legal, valid and enforceable security interest in all right, title and interest of the Loan Party thereto in the collateral described therein. Such Security Agreement constitutes a fully perfected first Lien on, and security interest in, all right, title and interest of such Loan Party in the collateral described therein.

(b) Each Pledge Agreement is effective to create in favor of the Agent, for the ratable benefit of the Banks, a legal, valid and enforceable security interest in the pledged assets described therein. Such Pledge Agreement constitutes a fully perfected first Lien on, and security interest in, all right, title and interest of the Loan Party thereto in the pledged assets described therein.

(c) Each Mortgage is effective to grant to the Agent, for the ratable benefit of the Banks, a legal, valid and enforceable mortgage lien on all of the right, title and interest of the Loan Party thereto in the mortgaged property described therein. Such Mortgage constitutes a fully perfected lien on and security interest in, such mortgaged property, subject to the encumbrances and exceptions to title set forth in the title policies previously delivered to the Agent. Each Mortgage also creates a legal, valid, enforceable and perfected first Lien on, and security interest in, all right, title and interest of the mortgagor thereunder in all personal property which is the subject of such Mortgage, subject to the encumbrances and exceptions to title set forth in the title policies previously delivered to the Agent. All references in the Mortgages to the Credit Agreement shall be deemed to refer to this Agreement. The Borrower hereby confirms that each of the Mortgages to which the Borrower is a party stands as collateral security for the payment and performance of the Obligations.

6.17 Patents, Copyrights, Permits and Trademarks. Each of the Borrower and its Subsidiaries owns, or has a valid license or sub-license in, all domestic and foreign letters patent, patents, patent applications, patent and know-how licenses, inventions, technology, permits, trademark registrations and applications, trademarks, trade names, trade secrets, service marks, copyrights, product designs, applications, formulae, processes and the industrial property rights ("Proprietary Rights") used in the operation of its businesses in the manner in which they are currently being conducted and which are material to the business, operations, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole. Neither the Borrower nor any of its Subsidiaries is aware of any existing or threatened infringement or misappropriation of any Proprietary Rights of others by the Borrower or any of its Subsidiaries or of any Proprietary Rights of the Borrower or any of its Subsidiaries by others which is material to the business operations, assets or financial or other condition of the Borrower and its Subsidiaries taken as a whole.

6.18 Environmental Matters. Except as disclosed in Schedule 6.18, the Purchase Agreement, the Phase I Environmental Assessments, or any schedule hereto: (a) with respect to the Mortgaged Properties:

(i) Except for the property referred to in subsection 7.10(c), the Mortgaged Properties constitute all of the real properties owned in fee by the Borrower and its Subsidiaries in the United States required to be mortgaged to the Agent, for the ratable benefit of the Banks, pursuant to this Agreement.

(ii) To the best knowledge of the Borrower and its Subsidiaries, after reasonable investigation consisting of reasonable environmental compliance, review, monitoring, and remedial activities conducted at the individual manufacturing, warehouse, or production facility level, with all information relating to material environmental matters arising at such facilities being sent to the corporate officers of the Borrower from such manufacturing, warehouse or production facilities of any Subsidiary, the Mortgaged Properties do not contain, and have not previously contained, any Hazardous Materials in amounts or concentrations which (A) constitute a violation of, or (B) could reasonably give rise to any material liability under, Relevant Environmental Laws.

(iii) To the best knowledge of the Borrower and its Subsidiaries, after reasonable investigation consisting of reasonable environmental compliance, review, monitoring, and remedial activities conducted at the individual manufacturing, warehouse, or production facility level, with all information relating to material environmental matters

arising at such facilities being sent to the corporate officers of the Borrower from such manufacturing, warehouse or production facilities of any Subsidiary, the Mortgaged Properties and all operations at the Mortgaged Properties are in compliance, and have been in compliance for the time period that each of the Mortgaged Properties has been owned by the Borrower or its Subsidiaries, in all material respects with all Relevant Environmental Laws, and there is no contamination at, on or under the Mortgaged Properties, or violation of any Relevant Environmental Law with respect to the Mortgaged Properties which could materially interfere with the continued operation of the Mortgaged Properties or materially impair the fair saleable value thereof. Neither the Borrower nor any Subsidiary has knowingly assumed any liability, by contract or otherwise, of any person under any Relevant Environmental Laws.

(iv) Neither the Borrower nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Relevant Environmental Laws with regard to any of the Mortgaged Properties or the operations of the Borrower or any of its Subsidiaries, other than such notice or notices where the liability or potential liability involved, either individually or in the aggregate, is not material to the relevant Mortgaged Property or to the Borrower and its Subsidiaries taken as a whole, nor does the Borrower or any of its Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(v) To the best knowledge of the Borrower and its Subsidiaries, based on the Borrower's and the Subsidiaries' customary practice of contracting only with licensed haulers for removal of Hazardous Materials from the Mortgaged Properties only to facilities authorized to receive such Hazardous Materials, Hazardous Materials have not been transported or disposed of from the Mortgaged Properties in violation of, or in a manner or to a location which could reasonably give rise to material liability under, Relevant Environmental Laws, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of the Mortgaged Properties in material violation of, or in a manner that could reasonably give rise to material liability under, any Relevant Environmental Laws.

(vi) No judicial proceedings or governmental or administrative action is pending, or, to the knowledge of the Borrower and its Subsidiaries, threatened, under any Relevant Environmental Law to which the Borrower and its Subsidiaries are or will be named as a party with respect to the Mortgaged Properties, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial

requirements outstanding under any Relevant Environmental Law with respect to the Mortgaged Properties.

(vii) To the best knowledge of the Borrower and its Subsidiaries after reasonable investigation, consisting of reasonable environmental compliance, review, monitoring, and remedial activities conducted at the individual manufacturing, warehouse, or production facility level, with all information relating to material environmental matters arising at such facilities being sent to the corporate officers of the Borrower from such manufacturing, warehouse or production facilities of any Subsidiary, there has been no release or threat of release of Hazardous Materials at or from the Mortgaged Properties, or arising from or related to the operations of the Borrower or its Subsidiaries in connection with the Mortgaged Properties in material violation of or in amounts or in a manner that could reasonably give rise to material liability under Relevant Environmental Laws.

(b) With respect to each parcel of real property owned or operated by the Borrower and its Subsidiaries (other than the Mortgaged Properties, to the best knowledge of the Borrower and its Subsidiaries, after reasonable investigation consisting of reasonable environmental compliance, review, monitoring and remedial activities conducted at the individual manufacturing, warehouse or production facility level, with all information relating to material environmental matters arising at such facilities being sent to the corporate offices of the Borrower from such manufacturing, warehouse or production facilities of any Subsidiary, each of the representations and warranties set forth in subsection 6.18(a)(ii) through (a)(vii) is true and correct, except to the extent that the facts and circumstances giving rise to any such failure to be so true and correct is not reasonably likely to have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Borrower and its Subsidiaries.

SECTION 7. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Note or Letter of Credit remains outstanding or any other amount is owing to any Bank or the Agent hereunder, the Borrower shall, and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

7.1 Financial Statements. Furnish to each Bank:

(a) as soon as available, but in any event within 95 days after the end of each fiscal year of the Borrower a copy of the audited consolidated balance sheets of the Borrower and its consolidated Subsidiaries as at the end of

such year and the related consolidated statements of income and cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 50 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower the unaudited consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of each such quarter and the related unaudited consolidated and consolidating statements of income and cash flows of the Borrower and their consolidated Subsidiaries for such quarter and the portion of the fiscal year through such date, setting forth in each case in comparative form the figures for the corresponding quarterly period of the previous year, certified by a Responsible Officer (subject to normal year-end audit adjustments).

The Borrower covenants and agrees that all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as approved by such accountants or officer, as the case may be, and disclosed therein).

7.2 Certificates; Other Information. Furnish to each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsection 7.1(a), (i) a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate and (ii) a certificate of such certified public accountants showing in detail the calculations supporting such statements in respect of subsection 8.1;

(b) concurrently with the delivery of the financial statements referred to in subsection 7.1(a) and (b), a certificate of a Responsible Officer of the Borrower (i) stating that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, (ii) stating, to the best of such Responsible Officer's knowledge, that all such financial statements are complete and correct in all material respects (subject, in the case of interim statements, to normal year-end audit adjustments) and have been prepared in reasonable detail and in accordance with

GAAP applied consistently throughout the periods reflected therein (except as disclosed therein) and (iii) showing in detail the calculations supporting such statements in respect of subsection 8.1;

(c) concurrently with the delivery of the financial statements referred to in subsection 7.1(a) and (b), a copy of management's report on the business, operations, property and financial and other condition of the Borrower and its Subsidiaries, including financial results with respect to each of their individual manufacturing facilities, together with management's discussion thereof;

(d) not later than thirty days after the end of each fiscal year of the Borrower a copy in detail reasonably acceptable to the Agent of the projections by the Borrower of the operating budget and cash flow of the Borrower and its Subsidiaries, in each case for the next succeeding fiscal year, such projections to be accompanied by a certificate of a Responsible Officer of the Borrower to the effect that such projections have been prepared on the basis of sound financial planning practice and that such officer on behalf of the Borrower has no reason to believe they are incorrect or misleading in any material respect;

(e) promptly upon receipt thereof, copies of all reports submitted to the Borrower by independent certified public accountants in connection with each annual, interim or special audit of the books of the Borrower or any of its Subsidiaries made by such accountants, including, without limitation, any management letter commenting on the Borrower's internal controls submitted by such accountants to management in connection with their annual audit;

(f) promptly after the same are sent, copies of all financial statements and reports which the Borrower sends to its public equity holders, and within five days after the same are filed, copies of all financial statements and reports which the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority; and

(g) promptly, such additional financial and other information as any Bank may from time to time reasonably request.

7.3 Performance of Obligations. Perform in all material respects all of its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound or to which it is a party and pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except when the amount or validity thereof is currently being contested in good faith by appropriate proceedings and

reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be.

7.4 Conduct of Business, Maintenance of Existence and Compliance with Obligations and Laws. Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business except as otherwise permitted pursuant to subsection 8.5; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole and could not reasonably be expected to adversely affect the ability of the Borrower or any of its Subsidiaries to perform their respective obligations under any of the Loan Documents to which they are a party.

7.5 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition; maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business (including, without limitation, the insurance required pursuant to Section 2.2 of each of the Mortgages and Section 5(n) of the Second Amended and Restated Security Agreement); and furnish to the Agent, upon written request, full information as to the insurance carried.

7.6 Inspection of Property; Books and Records; Discussions. Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of any Bank to visit and inspect any of its properties and examine and make abstracts from any of its books and records upon reasonable notice and at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with its independent certified public accountants.

7.7 Notices. Promptly give notice to the Agent and each Bank:

(a) of the occurrence of any Default or Event of Default;

(b) of any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in the case of either clause (i) or (ii) above, if not cured or if adversely determined, as the case may be, could have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole or could adversely affect the ability of the Borrower or any of its Subsidiaries to perform their respective obligations under any of the Loan Documents to which they are a party;

(c) of any litigation or proceeding affecting the Borrower or any of its Subsidiaries in which the amount involved is $3,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(d) of the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Single Employer Plan, a failure to make any required contribution to any Single Employer Plan, unless such failure is cured within such 30 days or does not involve an amount in excess of $500,000, any Lien under the Code or ERISA in favor of the PBGC or a Single Employer Plan, or any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Single Employer or Multiemployer Plan;

(e) of any Environmental Complaint materially affecting the Borrower or any Subsidiary, any Mortgaged Property or any part thereof or the operations of the Borrower or any Subsidiary or any other Person on or in connection with any Mortgaged Property or any part thereof and any notice from any Person of (i) the occurrence of any release, spill or discharge of any Hazardous Material that is reportable under any Relevant Environmental Law, (ii) the commencement of any clean up pursuant to or in accordance with any Relevant Environmental Law of any Hazardous Material at, on, under or within the Mortgaged Property or any part thereof or (iii) any condition, circumstance,

occurrence or event that could reasonably be expected to result in a material liability of the Borrower or any Subsidiary under any Relevant Environmental Law;

(f) of (i) the incurrence of any Lien (other than Liens permitted pursuant to subsection 8.3) on, or claim asserted against any of the collateral security in the Security Documents or (ii) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the collateral under any Security Document; and

(g) of a material adverse change in the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole.

Each notice pursuant to this subsection 7.7 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

7.8 Maintenance of Liens of the Security Documents. Promptly, upon the reasonable request of any Bank, at the Borrower's expense, execute, acknowledge and deliver, or cause the execution, acknowledgement and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Agent necessary or desirable for the continued validity, perfection and priority of the Liens on the collateral covered thereby.

7.9 Environmental Matters. (a) Comply in all material respects with, and use all reasonable efforts to ensure compliance in all material respects by all tenants and subtenants, if any, with, all Relevant Environmental Laws and all requirements existing thereunder and obtain and comply in all material respects with and maintain, and use all reasonable efforts to ensure that all tenants and subtenants obtain, comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by Relevant Environmental Laws.

(b) Promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Relevant Environmental Laws.

(c) Defend, indemnify and hold harmless the Agent and the Banks, and their respective employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under any Relevant

Environmental Laws applicable to the operations of the Borrower and its Subsidiaries or the Mortgaged Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise solely out of the gross negligence or willful misconduct of the party seeking indemnification therefor. This indemnity shall continue in full force and effect regardless of the termination of this Agreement.

7.10 Security Documents. (a) Promptly at the request of the Required Banks (and in any event no later than 45 days after the date of such request), the Borrower, at its own expense, shall (i) pledge 65% of the capital stock of Lear Italia to the Agent, for the ratable benefit of the Banks, and (ii) cause the Agent to receive, with a counterpart for each Bank, a legal opinion of Italian counsel acceptable to the Agent covering such matters in respect of such pledge agreement as the Agent shall reasonably request.

(b) As soon as possible and in no event later than 30 days after the Closing Date, cause (i) the Liens granted pursuant to (A) the Second Amended and Restated German Pledge Agreement, (B) the Second Amended and Restated Mexican Pledge Agreement and (C) the Second Amended and Restated Additional Mexican Pledge Agreement to be perfected and (ii) the Agent to receive, with a counterpart for each Bank, legal opinions of Peltzer & Riesenkampff, German counsel to the Borrower, and Enriquez, Gonzales, Aguirre y Ochoa, Mexican counsel to the Borrower, covering such matters in respect of such pledge agreements as the Agent shall reasonably request.

(c) No later than 45 days after completion of construction of the Borrower's facility located in Hammond, Indiana, grant to the Agent, for the ratable benefit of the Banks, a perfected and duly filed first Lien of record on all real property and fixtures, upon terms substantially the same as those set forth in the Mortgages, owned by the Borrower, located in Hammond, Indiana.

(d) No later than 60 days after the Closing Date, cause (i) the Liens granted pursuant to the Amendment Agreement to the Irrevocable Property Conveyance Trust Agreements covering the Rio Bravo, San Lorenzo and La Cuesta facilities of Favesa to be perfected and (ii) the Agent to receive, with a counterpart for each Bank, a legal opinion of Enriquez, Gonzales, Aguirre y Ochoa, Mexican counsel to the Borrower, covering such matters in respect of such Trust Agreements as the Agent shall reasonably request.

SECTION 8. NEGATIVE COVENANTS

The Borrower hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect, any Note or Letter of Credit remains outstanding or any other amount is owing to any Bank or the Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

8.1 Financial Covenants.

(a) Consolidated Net Worth. Permit Consolidated Net Worth at the end of any quarter during any period set forth below to be less than the amount set forth opposite such period below:

Period	Amount
6/30/94 - 6/29/95	$215,000,000
6/30/95 - 6/29/96	255,000,000
6/30/96 - 6/29/97	270,000,000
6/30/97 - 6/29/98	285,000,000
6/30/98 - thereafter	300,000,000

(b) Interest Coverage. Permit, at the end of any period set forth below, the ratio of (i) Consolidated Operating Profit for such fiscal period to (ii) Consolidated Interest Expense for such period, to be less than the ratio set forth opposite such period below:

Period	Ratio
7/1/94 - 6/30/95	3.00 to 1
7/1/95 - 6/30/96	3.00 to 1
7/1/96 - 6/30/97	3.50 to 1
7/1/97 - 6/30/98	3.50 to 1
7/1/98 - 6/30/99	3.50 to 1;

provided that at the end of the first two fiscal quarters of any period set forth above, the ratio for the preceding four fiscal quarters ended at the end of such fiscal quarter shall be no less than 80% of the ratio set forth opposite such period above, and at the end of the third fiscal quarter of any period set forth above, the ratio for the preceding four fiscal quarters ended at the end of such fiscal quarter shall be no less than 90% of the ratio set forth opposite such period above.

(c) Consolidated Operating Profit. Permit Consolidated Operating Profit for any fiscal year set forth below to be less than the amount set forth opposite such fiscal year below:

Fiscal Year	Amount
1994	$140,000,000
1995	175,000,000
1996	190,000,000
1997 - thereafter	195,000,000

8.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness in respect of the Loans, the Notes, the Letters of Credit and other obligations arising under this Agreement and, without duplication, Indebtedness of the Borrower and Subsidiaries to the extent backed by Letters of Credit;

(b) Indebtedness in respect of (i) the Subordinated Notes (or any refinancing thereof in accordance with subsection 8.10) in an aggregate principal amount not exceeding $145,000,000 (plus the amount of any premiums, costs and expenses incurred in connection with any refinancing thereof) and (ii) the Senior Subordinated Notes (or any refinancing thereof in accordance with subsection 8.10) in an aggregate principal amount not exceeding $125,000,000 (plus the amount of any premiums, costs and expenses incurred in connection with any refinancing thereof);

(c) Indebtedness incurred to purchase or to finance the purchase of, fixed or capital assets in an aggregate principal amount not exceeding $2,000,000 at any one time outstanding;

(d) Indebtedness in respect of Interest Rate Agreement Obligations;

(e) Indebtedness in respect of documentary letters of credit (other than Letters of Credit) in an aggregate face amount not exceeding $5,000,000 at any one time;

(f) Indebtedness in respect of letters of credit (other than Letters of Credit) in an aggregate face amount not exceeding $10,000,000 at any one time,provided that such letters of credit are used solely (i) to provide credit support in respect of leased property or (ii) to provide credit support for the benefit of Foreign Subsidiaries;

(g) short-term Indebtedness incurred by any Foreign Subsidiary organized under the laws of France for working capital purposes in an aggregate principal amount not to exceed 6,000,000 French Francs at any one time outstanding;

(h) Indebtedness permitted pursuant to subsection 8.9;

(i) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Germany or Austria in an aggregate principal amount not to exceed $25,000,000 at any one time outstanding;

(j) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Mexico in an aggregate principal amount not to exceed $30,000,000 at any one time outstanding;

(k) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Sweden or Finland in an aggregate principal amount not to exceed $15,000,000 at any one time outstanding;

(l) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Canada in an aggregate principal amount not to exceed $25,000,000 at any one time outstanding;

(m) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Italy (i) in connection with financing the Acquisition, and any refinancing of such Indebtedness, in an aggregate principal amount not to exceed the purchase price of the Fiat Seat Business, (ii) for working capital purposes in an amount not to exceed Lit 90,000,000,000 from the Closing Date until January 15, 1995 and (iii) in addition to Indebtedness permitted by clauses (i) and (ii) of this paragraph, in an aggregate principal amount not to exceed $30,000,000 at any one time outstanding;

(n) Indebtedness incurred by any Foreign Subsidiary organized under the laws of Poland in an aggregate principal amount not to exceed $5,000,000 at any one time outstanding;

(o) existing Indebtedness listed on Schedule 8.2 and refinancings thereof;

(p) Indebtedness incurred by a Special Purpose Subsidiary in connection with a Receivables Financing Transaction; and

(q) additional Indebtedness not otherwise permitted by paragraphs (a) through (p) above, provided that the aggregate amount of such Indebtedness does not exceed $75,000,000 at any one time outstanding.

8.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; provided

that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP (or, in the case of Foreign Subsidiaries, generally accepted accounting principles in effect from time to time in their respective jurisdictions of organization);

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business and not overdue for a period of more than 30 days or which are bonded or being contested in good faith by appropriate proceedings in a manner which will not jeopardize or diminish the interest of the Agent in any of the collateral subject to the Security Documents;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) Liens (other than any Lien imposed by ERISA) incurred on deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or such Subsidiary;

(f) Liens in favor of the Agent and the Banks created pursuant to the Security Documents and Liens securing Reimbursement Obligations and Subsidiary Reimbursement Obligations;

(g) Liens securing Indebtedness of the Borrower and its Subsidiaries permitted by subsection 8.2(c) in respect of the deferred purchase price of fixed or capital assets;provided that (i) such Liens shall be created substantially simultaneously with the purchase of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed 100% of the purchase price of such property;

(h) Liens securing the Indebtedness permitted by subsection 8.2(d), (f), (g), (i), (j), (k), (l), (m), (n), (o), (p) or (q) and Liens securing obligations with respect to government grants, provided that such Liens do not at any

time encumber any property located in the United States except for, in the case of Indebtedness permitted by subsection 8.2(f), Liens that encumber leasehold interests supported by such Indebtedness;

(i) Liens securing Indebtedness permitted by subsection 8.2(d), provided that such Liens run in favor of a Bank;

(j) attachment, judgment or other similar Liens arising in connection with court or arbitration proceedings fully covered by insurance or involving individually or in the aggregate, no more than $3,000,000 at any one time, provided that the same are discharged, or that execution or enforcement thereof is stayed pending appeal, within 30 days or, in the case of any stay of execution or enforcement pending appeal, within such lesser time during which such appeal may be taken;

(k) Liens securing reimbursement obligations with respect to documentary letters of credit permitted by subsection 8.2(e) which encumber documents and other property relating to such letters of credit;

(l) Liens on the property or assets of a corporation which becomes a Subsidiary after the date hereof securing Indebtedness permitted by subsection 8.2,provided that (i) such Liens existed at the time such corporation became a Subsidiary and were not created in anticipation thereof, (ii) any such Lien does not by its terms cover any property or assets after the time such corporation becomes a Subsidiary which were not covered immediately prior thereto and (iii) any such Lien does not by its terms secure any Indebtedness other than Indebtedness existing immediately prior to the time such corporation becomes a Subsidiary;

(m) Liens (not otherwise permitted hereunder) on assets acquired after the date of this Agreement which secure the purchase price thereof or other obligations related to the acquisition thereof or on assets not subject to Liens pursuant to any Security Document, provided that the estimated aggregate book value of the foregoing assets shall not exceed $10,000,000;

(n) Liens on (i) investments permitted by subsection 8.9(o) or (ii) cash deposits securing the Guarantee Obligations permitted by subsection 8.4(f); and

(o) extensions, renewals and replacements of any Lien described in subsections 8.2(a) through (n) above, provided that the principal amount of the Indebtedness secured thereby is not increased and such extension or renewal is limited to the property so encumbered.

8.4 Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except:

(a) Guarantee Obligations in respect of the Subsidiary Guarantee;

(b) Guarantee Obligations in respect of obligations of the Borrower, Subsidiaries and Special Affiliates in an aggregate principal amount not to exceed $50,000,000 at any one time;

(c) Guarantee Obligations in respect of obligations entered into by Foreign Subsidiaries created in the ordinary course of business, in an aggregate amount not to exceed $60,000,000 at any one time;

(d) Guarantee Obligations in respect of Section 5.03 of the Purchase Agreement;

(e) Guarantee Obligations of the Borrower in connection with the establishment of a receivables factoring or working capital credit facility for any Foreign Subsidiary organized under the laws of Italy, in an aggregate amount not to exceed $20,000,000 at any one time; and

(f) Guarantee Obligations of the Borrower in respect of Indebtedness permitted to be incurred pursuant to subsection 8.2(m)(i).

8.5 Limitations on Fundamental Changes. Unless expressly permitted under this Agreement, enter into any transaction of acquisition or merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets, or acquire by purchase or otherwise all or substantially all of the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person, or make any material change in the present method of conducting business and except that, so long as no Collateral is transferred for less than fair market value to a Person who has not executed a security agreement in favor of the Agent, and none of the Liens or guarantees created by any of the Security Documents are impaired thereby:

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any one or more Wholly-Owned Subsidiaries of the Borrower that are organized under any jurisdiction in the United States (provided that a Wholly-Owned Subsidiary shall be the continuing or surviving corporation);

(b) any Foreign Subsidiary may be merged or consolidated with or into any one or more Wholly-Owned Subsidiaries that are Foreign Subsidiaries (provided that a Wholly-Owned Subsidiary that is a Foreign Subsidiary shall be the continuing or surviving corporation);

(c) any Wholly-Owned Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or another Wholly-Owned Subsidiary of the Borrower that is organized under any jurisdiction in the United States;

(d) any Wholly-Owned Subsidiary that is a Foreign Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to another Wholly-Owned Subsidiary that is a Foreign Subsidiary;

(e) the Borrower may sell, contribute or otherwise transfer its ownership interest in CISA to EATSA in exchange for capital stock of EATSA or otherwise, provided that upon consummation of such transaction, the Borrower and its Subsidiaries shall have pledged 65% of the common stock of EATSA pursuant to pledge agreements in favor of the Agent, for the ratable benefit of the Banks, in form and substance satisfactory to the Agent;

(f) the Borrower may sell Lear Industries pursuant to terms reasonably satisfactory to the Agent; and

(g) the Borrower and its Subsidiaries may consummate the Acquisition.

8.6 Limitation on Sale of Assets. Except as permitted by subsection 8.5, convey, sell, lease, assign, transfer or otherwise dispose of, any of its property, business or assets (including, without limitation, receivables and leasehold interests) whether now owned or hereafter acquired except:

(a) obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business; provided that (i) the Net Proceeds of each such transaction are applied to obtain a replacement item or items of property within 90 days of the disposition thereof or (ii) the fair market value (as determined by the Board of Directors (or the executive committee thereof) of the Borrower in good faith) of any property not replaced pursuant to clause (i) above shall not exceed $5,000,000 in the aggregate in any one fiscal year of the Borrower;

(b) the sale of inventory in the ordinary course of business;

(c) in a transaction permitted by subsection 8.12;

(d) the sale by any Foreign Subsidiary (other than a Foreign Subsidiary organized under the laws of Canada or Mexico) of its accounts receivable;provided that the terms of each such sale are satisfactory in form and substance to the Agent;

(e) the sale by any Domestic Loan Party or a Foreign Subsidiary organized under the laws of Mexico of its accounts receivable;provided that (i) the terms of each such sale are satisfactory in form and substance to the Agent and (ii) the Commitments are simultaneously reduced by the amount equal to a percentage to be determined by the Agent of the fair market value (as determined by the Board of Directors (or executive committee thereof) of the Borrower) of such accounts receivable sold; and

(f) dispositions of assets not otherwise permitted by clauses (a) through (e) above; provided that the fair market value thereof (as determined by the Board of Directors (or the executive committee thereof) of the Borrower in good faith) shall not exceed $15,000,000 in the aggregate in any one fiscal year of the Borrower.

8.7 Limitation on Dividends. Declare any dividend on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of stock or warrants of the Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Subsidiary or permit any Subsidiary to make any payment on account of, or purchase or otherwise acquire, any shares of any class of stock or warrants of the Borrower from any Person except for (a) (i) payment by the Borrower of amounts then owing to management personnel of the Borrower pursuant to the terms of their respective employment contracts, (ii) mandatory purchases by the Borrower of its common stock from Management Investors pursuant to the terms of the Subscription Agreements and Stockholders Agreement and all other expenses required to be incurred by the Borrower pursuant to the terms of the Stockholders Agreement as in effect on the date hereof and (iii) additional repurchases by the Borrower of its common stock from Management Investors or officers of the Borrower in an amount not to exceed $7,500,000 in the aggregate, (b) if no Default or Event of Default has occurred and is continuing (or would occur and be continuing after giving effect thereto) when any such dividend is declared by the Board of Directors of the Borrower, quarterly cash dividends on such common stock not to exceed $2,500,000 in the aggregate per quarter but only to the extent permitted by the terms of the Subordinated Debt and (c) dividends in the form of additional shares of capital stock.

8.8 Limitation on Capital Expenditures. Make or commit to make any Capital Expenditures except for Capital Expenditures in cash during any fiscal year set forth below not exceeding, in the aggregate for the Borrower and its Subsidiaries, the amount set forth opposite such fiscal year below:

Fiscal Year	Amount
1994	$115,000,000
1995	100,000,000
1996	60,000,000
1997	80,000,000
1998 - thereafter	60,000,000;

provided that up to $20,000,000 of any such permitted amount which is not expended in any fiscal year may be carried over for expenditure in any subsequent fiscal year and provided, further, that up to $5,000,000 of any such permitted amount available to be expended for any subsequent fiscal year may be carried back for expenditure in any fiscal year.

8.9 Limitation on Investments, Loans and Advances. Make or suffer to exist any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of, or make any other investment in, any Person, or create any Subsidiary, or acquire any interest in any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) investments by Foreign Subsidiaries in high quality investments of a type similar to Cash Equivalents made outside of the United States of America;

(d) loans, advances and capital contributions to the Borrower, Subsidiaries (including Foreign Subsidiaries) and Special Affiliates and investments up to an aggregate amount not to exceed $25,000,000 at any time from and after October 25, 1993 in any Special Entity (by way of acquisition of securities or otherwise), in each case, in the ordinary course of business and in an aggregate amount not to exceed $75,000,000 at any one time from and after the Closing Date, which aggregate amount limitation is in addition to any loans, advances, capital contributions and investments listed on Schedule 8.9 or otherwise permitted under this subsection 8.9, provided that (i) any loans, advances and capital contributions that are made to the Borrower or any such Subsidiary or Foreign Subsidiary for the sole purpose of the Borrower or such Subsidiary or Foreign Subsidiary making a loan, advance or capital contribution to the

Borrower or another Subsidiary or Foreign Subsidiary, shall be deemed to have been made only to the ultimate recipient of such funds and (ii) the aggregate amount of loans, advances and capital contributions to Probel S.A. may not exceed $100,000 from and after the Closing Date and provided, further, that, subject to the foregoing limitations, the Borrower may create Subsidiaries, provided that, except as provided in subsection 7.10 or this subsection 8.9, (A) 65% of the common stock of all such Foreign Subsidiaries owned by the Borrower and all of the common stock of all other such Subsidiaries owned by the Borrower is pledged to the Agent, for the ratable benefit of the Banks, pursuant to a pledge agreement in form and substance satisfactory to the Agent, (B) that each such Subsidiary which is not a Foreign Subsidiary or a Special Purpose Subsidiary guarantee the Obligations pursuant to a guarantee agreement in favor of the Agent, for the ratable benefit of the Banks, in form and substance satisfactory to the Agent and (C) each such Subsidiary which is not a Foreign Subsidiary or a Special Purpose Subsidiary shall secure its obligations under any such guarantee by (y) pledging 65% of the common stock of all Foreign Subsidiaries (or if it owns less than 65% of the common stock of any such Foreign Subsidiary, then all of the common stock of such Foreign Subsidiary owned by it) and all of the common stock of all other Subsidiaries owned by it pursuant to a pledge agreement in favor of the Agent, for the ratable benefit of the Banks, in form and substance satisfactory to the Agent, and (z) granting a security interest in all of its material assets pursuant to a security agreement in favor of the Agent, for the ratable benefit of the Banks, in form and substance satisfactory to the Agent; provided, still further, that notwithstanding any provision in this paragraph (d) to the contrary, the Borrower and its Subsidiaries shall not be obligated to pledge any shares of capital stock of any Foreign Subsidiary organized under the laws of Australia or Indonesia;

(e) capital contributions, investments or transfers in connection with transactions permitted by subsection 8.5;

(f) loans and advances to employees of the Borrower or its Subsidiaries for travel, entertainment and relocation expenses in the ordinary course of business in an aggregate principal amount not exceeding $2,000,000 at any one time outstanding;

(g) (i) loans and advances by any Subsidiary to the Borrower and (ii) loans and advances by any Subsidiary to any other Subsidiary which is a guarantor under any Guarantee;

(h) any Foreign Subsidiary may make loans, advances and capital contributions to any other Foreign Subsidiary;

(i) any Wholly-Owned Subsidiary organized under the laws or any jurisdiction in the United States may make loans, advances and capital contributions to any other Wholly-Owned Subsidiary organized under the laws or any jurisdiction in the United States;

(j) the acquisition, directly or indirectly, of the stock of CISA not currently owned by the Borrower or its Subsidiaries;

(k) the sale, contribution or other transfer by the Borrower of its ownership interest in CISA to EATSA in exchange for capital stock of EATSA or otherwise, provided that after giving effect to such transaction, at least 65% of the capital stock of EATSA is pledged to the Agent for the ratable benefit of the Banks;

(l) loans to Management Investors in connection with stock purchases in an aggregate principal amount not exceeding $3,000,000 at any one time outstanding;

(m) capital contributions to any Foreign Subsidiary organized under the laws of Italy in an amount not to exceed $40,000,000;

(n) capital contributions to any Foreign Subsidiary organized under the laws of Poland in an amount not to exceed $5,000,000; and

(o) (i) loans or participating interests in loans made to Lear Italia, provided Lear Italia is permitted to incur such Indebtedness pursuant to subsection 8.2(m)(i) and (ii) investments in high quality debt instruments acceptable to the Agent, having a cost not exceeding the purchase price of the Fiat Seat Business, and which are pledged to secure Indebtedness permitted pursuant to subsection 8.2(m)(i) or Guarantee Obligations permitted pursuant to subsection 8.4(f).

8.10 Limitation on Optional Payments and Modification of Debt Instruments. (a) Prepay, purchase, redeem, retire, defease or otherwise acquire, or make any payment on account of any principal of, interest on, or premium payable in connection with the prepayment, redemption or retirement of any outstanding Subordinated Debt, except that the Borrower may prepay, purchase or redeem Subordinated Debt with the proceeds of the issuance of other subordinated Indebtedness of the Borrower; provided that either (i) the principal terms of such other subordinated Indebtedness are no more restrictive to the Borrower and its Subsidiaries than the principal terms of the Subordinated Notes or (ii) the terms and conditions of the other subordinated Indebtedness are reasonably satisfactory to the Agent or (b) without the consent of the Agent, amend, modify or change, or consent or agree to any amendment, modification or change to any

of the terms of any Subordinated Debt (except that without the consent of the Agent or any Bank, the terms of the Subordinated Debt may be amended, modified or changed if such amendment, modification or change would extend the maturity or reduce the amount of any payment of principal thereof, would reduce the rate or extend the date for payment of interest thereon, would eliminate covenants (other than covenants with respect to subordination to Indebtedness under this Agreement) or defaults in such Subordinated Debt or would make such covenants or defaults less restrictive); provided that, notwithstanding any provision contained in this subsection 8.10, if no Default or Event of Default has occurred and is continuing or would occur and be continuing as a result of the following, the Subordinated Debt may be prepaid (A) with the net proceeds of any public offering of common stock of the Borrower and (B) in addition to any prepayment permitted pursuant to clause (A) above, in an amount not to exceed $135,000,000 in the aggregate; provided, that prior to December 31, 1995, prepayments permitted pursuant to clause (B) above shall not exceed $100,000,000 in the aggregate.

8.11 Transactions with Affiliates. (a) Enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transactions are otherwise permitted under this Agreement, the Stockholders Agreement or the Subscription Agreements as in effect on the date hereof, or such transactions are in the ordinary course of the Borrower's or such Subsidiary's business and are upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person not an Affiliate; provided, however, that the Borrower may engage Lehman Brothers Inc., The Cypress Group, Inc., FIMA or any Affiliate of Lehman Brothers Inc., The Cypress Group, Inc. or FIMA as financial advisor, underwriter, broker, dealer-manager or finder in connection with any transaction at the then customary market rates for similar services.

8.12 Sale and Leaseback. Enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Borrower or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Subsidiary except that the Borrower or any Subsidiary may enter into such transactions provided that the fair market value of the real or personal property sold or transferred by the Borrower or such Subsidiary does not exceed $35,000,000 in the aggregate.

8.13 Corporate Documents. Amend its Certificate of Incorporation or By-Laws, each as in effect on the Closing Date, in any way adverse to the interests of the Agent and the Banks.

8.14 Fiscal Year. Permit the fiscal year of the Borrower to end on a day other than December 31.

8.15 Limitation on Restrictions Affecting Subsidiaries. Enter into any agreement with any Person other than the Banks pursuant hereto which prohibits or limits the ability of any Subsidiary to (a) pay dividends or make other distributions or pay any Indebtedness owed to the Borrower or any Subsidiary, (b) make loans or advances to the Borrower or any Subsidiary, (c) transfer any of its properties or assets to the Borrower or any Subsidiary or (d) create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except (i) for any such restrictions existing by reasons of Contractual Obligations listed on Schedule 8.15 and (ii) with respect to clauses (c) and (d) above, agreements granting a Lien on such Subsidiary's assets which is permitted by subsection 8.3.

8.16 Hazardous Materials. Release, discharge or otherwise dispose of any Hazardous Material on any of the Mortgaged Properties or permit the manufacture, storage, transmission or presence of any Hazardous Material over or upon any of the Mortgaged Properties except in accordance in all material respects with all Relevant Environmental Laws.

8.17 Special Purpose Subsidiary. Permit (a) any Special Purpose Subsidiary to engage in any business other than Receivables Financing Transactions and activities directly related thereto or (b) at any time the Borrower or any of its Subsidiaries (other than a Special Purpose Subsidiary) or any of their respective assets to incur any liability, direct or indirect, contingent or otherwise in respect of any obligation of a Special Purpose Subsidiary whether arising under or in connection with any Receivables Financing Transaction or otherwise.

SECTION 9. EVENTS OF DEFAULT

Upon the occurrence of any of the following events:

(a) The Borrower shall fail to pay (i) any principal of any Notes when due (whether at the stated maturity, by acceleration or otherwise) in accordance with the terms thereof or hereof or (ii) any interest on any Notes, or any fee or other amount payable hereunder, within five days after any such interest, fee or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this

Agreement or any other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower or any other Loan Party shall default in the observance or performance of any negative covenant contained in Section 8 or in any Security Document to which it is a party; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document other than as provided in (a) through (c) above, and such default shall continue unremedied for a period of 30 days; or

(e) Any Loan Document shall cease, for any reason, to be in full force and effect, or the Borrower or any other Loan Party shall so assert; or any security interest created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby, except, in each case, as provided in subsection 11.13; or

(f) The Subsidiary Guarantee shall cease, for any reason, to be in full force and effect, or any guarantor thereunder shall so assert; or

(g) The subordination provisions contained in any instrument pursuant to which the Subordinated Debt was created or in any instrument evidencing such Subordinated Debt shall cease, for any reason, to be in full force and effect or enforceable in accordance with their terms; or

(h) The Borrower or any of its Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Notes) or in the payment of any Guarantee Obligation, in either case where the principal amount thereof then outstanding exceeds $10,000,000 beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; or

(i) (i) The Borrower or any Material Subsidiary shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Material Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any Material Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any Material Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any Material Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any Material Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(j) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Single Employer Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Banks is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a

Multiemployer Plan or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could subject the Borrower or any of its Subsidiaries to any tax, penalty or other liabilities in the aggregate material in relation to the business, operations, property or financial or other condition of the Borrower and its Subsidiaries taken as a whole; or

(k) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of $5,000,000 or more and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(l) (i) Any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) (other than FIMA, the Merchant Banking Partnerships, The Cypress Group, Inc. and the officers and directors of the Borrower) (A) shall have acquired beneficial ownership of 35% or more of any outstanding class of capital stock of the Borrower having ordinary voting power in the election of directors or (B) shall obtain the power (whether or not exercised) to elect a majority of the Borrower's directors or (ii) the Board of Directors of the Borrower shall not consist of a majority of Continuing Directors;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (i) above with respect of the Borrower, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Letters of Credit and the Notes shall immediately become due and payable, and (B) if such event is any other Event of Default, any of the following actions may be taken: (i) with the consent of the Required Banks, the Agent may, or upon the request of the Required Banks, the Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; (ii) with the consent of the Required Banks, the Agent may, or upon the direction of the Required Banks, the Agent shall, by notice of default to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including amounts payable in respect of Letters of Credit whether or not the beneficiaries thereof shall have presented the drafts and other documents required thereunder) and the Notes to be due and payable forthwith, whereupon the same shall immediately become due and payable and (iii) the Agent may, and upon the direction of the Required Banks shall, exercise any and all remedies and other rights provided pursuant to this

Agreement and/or the other Loan Documents. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 10. THE AGENT

10.1 Appointment. Each Bank hereby irrevocably designates and appoints Chemical Bank as the Agent of such Bank under this Agreement, and each such Bank irrevocably authorizes Chemical Bank, as the Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and such other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or such other Loan Documents, the Agent shall not have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or the other Loan Documents or otherwise exist against the Agent. Notwithstanding anything to the contrary contained in this Agreement, the parties hereto hereby agree that no Managing Agent shall have any rights, duties or responsibilities in its capacity as Managing Agent and that no Managing Agent shall have the authority to take any action hereunder in its capacity as such.

10.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or the other Loan Documents (except for its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrower, any other Loan Party or any officer thereof contained in this Agreement or the other Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or the other Loan Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the other Loan Documents or for any failure of the Borrower or any other Loan Party to perform its obligations hereunder or thereunder. The

Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower.

10.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement and the other Loan Documents unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Required Banks (or, when required hereunder, all of the Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

10.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall promptly give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks; provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

10.6 Non-Reliance on Agent, Managing Agents and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Borrower or the other Loan Parties, shall be deemed to constitute any representation or

warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent, the Managing Agents or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent, the Managing Agents or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder or by the other Loan Documents, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Borrower and the other Loan Parties which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

10.7 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to the respective amounts of their original Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or the other Loan Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Notes and all other amounts payable hereunder.

10.8 Agent in Its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and the other Loan Parties as though the Agent were not the Agent hereunder. With respect to its Loans made or renewed by it and

any Note issued to it, the Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

10.9 Successor Agent. The Agent may resign as Agent upon ten days' notice to the Banks. If the Agent shall resign as Agent under this Agreement, then the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by the Borrower (which consent shall not be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as Agent, the provisions of this subsection 10.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 11. MISCELLANEOUS

11.1 Amendments and Waivers. Neither this Agreement, any Note or any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. With the written consent of the Required Banks, the Agent and the Borrower may, from time to time, enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement, the Notes, or the other Loan Documents to which the Borrower is a party or changing in any manner the rights of the Banks or of the Borrower hereunder or thereunder or waiving, on such terms and conditions as the Agent may specify in such instrument, any of the requirements of this Agreement or the Notes or the other Loan Documents to which the Borrower is a party or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall directly (a) extend the expiry date of any Letter of Credit or extend the maturity of any Note or any installment thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any fee, or extend the time of payment of such fee, payable to the Banks hereunder, or reduce the principal amount thereof, or increase the amount of any Bank's Commitment or amend, modify or waive any provision of this subsection 11.1 or reduce the percentage specified in the definition of Required Banks, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement, or release all or substantially all the collateral security under any of the Security Documents, in each case without the written consent of all the Banks, or (b)

amend, modify or waive any provision of Section 10 without the written consent of the then Agent or (c) except as provided in subsection 11.13, release less than all or substantially all of the collateral security under any of the Security Documents having a fair market value (as determined in good faith by the Board of Directors (or the executive committee thereof) of the Borrower and evidenced by a certificate delivered to the Agent) in excess of $25,000,000 in the aggregate while this Agreement is in effect without the written consent of the holders of at least 66-2/3% of the aggregate unpaid principal amount of the Notes and the Letter of Credit Obligations, or, if no amounts are outstanding under the Notes and Letter of Credit Obligations, Banks having at least 66-2/3% of the aggregate amount of the Commitments. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Borrower, the Banks, the Agent and all future holders of the Notes. In the case of any waiver, the Borrower, the Banks and the Agent shall be restored to their former position and rights hereunder and under the outstanding Notes, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

11.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telegraph or telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or five days after being deposited in the mail, postage prepaid, or, in the case of telegraph or telecopy notice, when sent and receipt has been confirmed, addressed as follows in the case of the Borrower and the Agent, and as set forth in Schedule 1.1(a) in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower:	Lear Seating Corporation 21557 Telegraph Road Southfield, Michigan 48034 Attention: Donald J. Stebbins Telecopy: (313) 746-1593
The Agent:	Chemical Bank 270 Park Avenue New York, New York 10017 Attention: Karen M. Sager Telecopy: (212) 972-9854

;provided that any notice, request or demand to or upon the Agent or the Banks pursuant to subsections 2.3, 2.4, 2.6, 2.8 and 2.9 shall not be effective until received.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder or under the Loan Documents, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided or provided in the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Letters of Credit and the Notes.

11.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Agent for all its reasonable out-of-pocket costs and reasonable expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement, the Notes, the Letters of Credit and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, (b) to pay or reimburse each Bank and the Agent for all their costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes, the Letters of Credit and any such other documents, including, without limitation, fees and disbursements of counsel to the Agent and the reasonable fees and disbursements of counsel to the several Banks, and (c) to pay, indemnify, and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the Letters of Credit and any such other documents, and (d) to pay, indemnify, and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the Notes, the Letters of Credit and the other Loan Documents and the use by the Borrower of the proceeds of the Loans (all the foregoing, collectively, the "indemnified liabilities"); provided that the Borrower shall have no obligation hereunder to the Agent or any

Bank with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Agent or any such Bank as finally determined by a court of competent jurisdiction. The agreements in this subsection shall survive repayment of the Notes and all other amounts payable hereunder.

11.6 Successors and Assigns; Participations; Purchasing Banks. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Banks, the Agent, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Bank.

(b) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Bank, any Note held by such Bank, any Letter of Credit Participating Interest of such Bank, any Commitment of such Bank or any other interest of such Bank hereunder. In the event of any such sale by a Bank of participating interests to a Participant, such Bank's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Note for all purposes under this Agreement and the Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. The Borrower agrees that if amounts outstanding under this Agreement, the Letter of Credit and the Notes are due and unpaid, or shall have been declared or shall have become due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement, any Letter of Credit and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement or any Note; provided that such right of setoff shall be subject to the obligation of such Participant to share with the Banks, and the Banks agree to share with such Participant, as provided in subsection 11.7. The Borrower also agrees that each Participant shall be entitled to the benefits of subsections 2.11, 2.12, 2.13, 2.14, 3.5 and 11.5 with respect to its participation in the Commitments and the Loans and Letters of Credit outstanding from time to time; provided that no Participant shall be entitled to receive any greater amount pursuant to such subsections than the transferor Bank would have been entitled to receive in respect of the amount of the participation transferred by such transferor Bank to such Participant had no such transfer occurred.

(c) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable

law, at any time sell to any Bank or any affiliate thereof, and, subject to the limitations set forth in the proviso to this sentence and with the consent of the Borrower and the Agent (which in each case shall not be unreasonably withheld) to one or more additional banks or financial institutions ("Purchasing Banks") all or any part of its rights and obligations under this Agreement and the Notes, pursuant to a Commitment Transfer Supplement, executed by such Purchasing Bank, such transferor Bank (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Borrower and the Agent), and delivered to the Agent for its acceptance and recording in the Register; provided, however, that (i) the Commitment purchased by any such Purchasing Bank that is not then a Bank shall be equal to or greater than $10,000,000 and (ii) the transferor Bank which has transferred part of its Commitment to any such Purchasing Bank shall retain a Commitment, after giving effect to such sale, equal to or greater than $10,000,000. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, (x) the Purchasing Bank thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Bank hereunder with a Commitment as set forth therein, and (y) the transferor Bank thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement (and, in the case of a Commitment Transfer Supplement covering all or the remaining portion of a transferor Bank's rights and obligations under this Agreement, such transferor Bank shall cease to be a party hereto). Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Bank of all or a portion of the rights and obligations of such transferor Bank under this Agreement and the Notes. On or prior to the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Revolving Credit Note a new Revolving Credit Note to the order of such Purchasing Bank in an amount equal to the Commitment assumed by it pursuant to such Commitment Transfer Supplement and, if the transferor Bank has retained a Commitment hereunder, a new Revolving Credit Note to the order of the transferor Bank in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Bank shall be returned by the Agent to the Borrower marked "cancelled". If any Letter of Credit Participation Certificates have been issued to the transferor Bank and are then outstanding, new certificates shall be issued in the appropriate amounts by the Issuing Bank to the Purchasing Bank and, if appropriate, the transferor Bank, as promptly as practicable after the Transfer Effective Date.

(d) The Agent shall maintain at its address referred to in subsection 11.2 a copy of each Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Agent and the Banks may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a Commitment Transfer Supplement executed by a transferor Bank and a Purchasing Bank (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Borrower and the Agent) together with payment by the Purchasing Bank to the Agent of a registration and processing fee of $2,500, the Agent shall (i) promptly accept such Commitment Transfer Supplement (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Banks and the Borrower.

(f) The Borrower authorizes each Bank to disclose to any Participant or Purchasing Bank (each, a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Borrower and its affiliates which has been delivered to such Bank by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Bank by or on behalf of the Borrower in connection with such Bank's credit evaluation of the Borrower and its affiliates prior to becoming a party to this Agreement; provided that the prospective Transferee shall agree to maintain the confidentiality of such information pursuant to subsection 11.10.

(g) If, pursuant to this subsection, any interest in this Agreement, any Note or any Letter of Credit is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agent and the Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the transferor Bank with respect to any payments to be made to such Transferee in respect of the Loans or the Letters of Credit, (ii) to furnish to the transferor Bank, the Agent and the Borrower either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 or successor applicable form, as the case may be, certifying in each case that the Transferee is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income

taxes, (iii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, establish an exemption from United States backup withholding taxes, and (iv) to agree (for the benefit of the transferor Bank, the Agent and the Borrower) to provide the transferor Bank, the Agent and the Borrower a new Form 4224 or Form 1001 and from W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such letter or from expires or becomes obsolete or after the occurrence of any event requiring change in the most recent letter and from previously delivered by it to the Borrower, and such extensions or renewals thereof as may reasonably be requested by the Borrower, certifying in the case of a Form 1001 or 4224 that such Transferee is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless in any such cases an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent the Transferee from duly completing and delivering any such letter or from with respect to it and such Transferee advises the transferor Bank, the Agent and the Borrower that it is not capable of receiving payments without any deduction or withholdings of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

(h) Nothing herein shall prohibit any Bank from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law.

11.7 Adjustments; Set-off. (a) If any Bank (a "benefitted Bank") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in clause (i) of Section 9, or otherwise) in a greater proportion than any such payment to and collateral received by any other Bank, if any, in respect of such other Bank's Loans, or interest thereon, such benefitted Bank shall purchase for cash from the other Banks such portion of each such other Bank's Loan, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Bank so purchasing a portion of another Bank's Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Banks provided by law, each Bank shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon the occurence and continuance of a Default and any amount becoming due and payable by the Borrower hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank or any branch or agency thereof to or for the credit or the account of the Borrower. Each Bank agrees promptly to notify the Borrower and the Agent after any such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Agent.

11.9 GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11.10 Confidentiality. Each Bank and the Issuing Bank agrees to take normal and reasonable precautions to maintain the confidentiality of information designated in writing as confidential and provided to it by the Borrower or any Subsidiary in connection with this Agreement; provided, however, that any Bank may disclose such information (a) at the request of any bank regulatory authority or in connection with an examination of such Bank by any such authority, (b) pursuant to subpoena or other court process, (c) when required to do so in accordance with the provisions of any applicable law, (d) at the discretion of any other Governmental Authority, (e) to such Bank's independent auditors and other professional advisors or (f) to any Transferee or potential Transferee; provided that such Transferee agrees to comply with the provisions of this subsection 11.10.

11.11 Submission to Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Loan Document to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-

exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives trial by jury and any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be, at its address set forth in subsection 11.2 or at such other address of which the Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

11.12 Effect of Amendment and Restatement of the Amended and Restated Credit Agreement. On the Closing Date, the Amended and Restated Credit Agreement shall be amended, restated and superseded in its entirety. The parties hereto acknowledge and agree that (a) this Agreement and the other Loan Documents, whether executed and delivered in connection herewith or otherwise, do not constitute a novation, payment and reborrowing, or termination of the "Obligations" (as defined in the Amended and Restated Credit Agreement) under the Amended and Restated Credit Agreement as in effect prior to the Closing Date; (b) such "Obligations" are in all respects continuing (as amended and restated hereby) with only the terms thereof being modified as provided in this Agreement; (c) the Liens and security interests as granted under the Security Documents securing payment of such "Obligations" are in all respects continuing and in full force and effect and secure the payment of the Obligations (as defined in this Agreement), and to the extent necessary to effect the foregoing, each such Security Document is hereby deemed amended accordingly; and (d) upon the effectiveness of this Agreement all loans outstanding under the Amended and Restated Credit Agreement immediately before the effectiveness of this Agreement will be converted into Revolving Credit Loans hereunder and all outstanding letters of credit under the Amended and Restated Credit Agreement will be converted into Letters of Credit hereunder, in each case on the terms and conditions set forth in this Agreement.

11.13 Release of Collateral. (a) The Banks hereby agree with the Borrower, and hereby instruct the Agent, that if

(i) the implied senior long-term unsecured debt securities of the Borrower are rated at least BBB- by Standard and Poor's Ratings Group and at least BAA3 by Moody's Investors Service, Inc. and (ii) the Agent has no actual knowledge of the existence of a Default, the Agent shall, at the request and expense of the Borrower, take such actions as shall be reasonably requested by the Borrower to release its security interest in all collateral held by it pursuant to the Security Documents.

(b) The Banks hereby agree with the Borrower, and hereby instruct the Agent, that upon any sale (i) of accounts receivable permitted by this Agreement or (ii) of any assets permitted by subsection 8.6(g), the Agent shall release, to the extent necessary, its security interest in such accounts receivable or such assets, as the case may be.

(c) The Banks hereby agree with the Borrower and hereby instruct the Agent to release its security interest in assets on which Liens are being created by the Borrower or any Subsidiary as permitted by subsection 8.3(m).

(d) The Banks hereby agree with the Borrower, and hereby instruct the Agent to release its security interest in the shares of CISA pledged pursuant to the Second Amended and Restated Mexican Pledge Agreement upon transfer of such shares to EATSA in accordance with subsection 8.9(k) and to take all other actions contemplated in connection therewith.

11.14 Equalization of Outstanding Loans on Closing Date. Notwithstanding the provisions of subsections 4.6 and 11.7 and the definition of Interest Period contained in subsection 1.1, on the Closing Date the Borrower shall make such repayments of Loans owing to Banks that were parties to the Amended and Restated Credit Agreement and/or make such borrowings from Banks that were not parties to the Amended and Restated Credit Agreement (which borrowings, if of Eurodollar Loans, shall have Interest Periods ending on dates that coincide with the ending dates of Interest Periods then applicable to outstanding Eurodollar Loans) as shall be required in order to cause the outstanding Loans of each Type and Tranche owing to each Bank to equal as nearly as practicable its Commitment Percentage of all Loans of such Type and Tranche.

11.15 Conflicts. In the event that there exists a conflict between provisions in this Agreement and provisions in any other Loan Document, the provisions of this Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Donald J. Stebbins

Title: Vice President & Treasurer

CHEMICAL BANK, as Agent and as a Bank

By: /s/ Karen M. Sager

Title: Vice President

BANKERS TRUST COMPANY, as a Managing Agent and as a Bank

By: /s/ Christopher Kinslow

Title: Vice President

THE BANK OF NOVA SCOTIA, as a Managing Agent and as a Bank

By: /s/ F.C.H. Ashby

Title: Senior Manager Loan Operation

CITICORP USA, INC., as a Managing Agent and as a Bank

By: /s/ William G. McKnight III

Title: Vice President

LEHMAN COMMERCIAL PAPER INC., as a Managing Agent and as a Bank

By: /s/ Jorde M. Nathan

Title: Authorized Signature

THE FIRST NATIONAL BANK OF
BOSTON

By: /s/ Lisa S. Marshall

Title: Director

THE BANK OF NEW YORK

By: /s/ Douglas Ober

Title: Vice President

THE MITSUBISHI TRUST &
BANKING CORPORATION

By: /s/ Masaaki Yamagishi

Title: Chief Manager

THE NIPPON CREDIT BANK, LTD.

By: /s/ Clifford Abramsky

Title: Vice President & Manager

SHAWMUT BANK CONNECTICUT, N.A.

By: /s/ Manfred Eigenbrod

Title: Managing Director

ABN AMRO BANK N.V.

By: /s/ Robert J. Graff

Title: Vice President

By: /s/ Sheralyn F. Kempel

Title: Assistant Vice President

CIBC INC.

By: /s/ Kent S. Davis

Title: Vice President

COMERICA BANK

By: /s/ Mike Shea

Title: Vice President

CAISSE NATIONALE DE CREDIT
AGRICOLE

By: /s/ David Bouhl, F.V.P

Title: Head of Corporate
Banking Chicago

CREDIT LYONNAIS CHICAGO BRANCH

By: /s/ Sandra E. Horwitz

Title: Vice President

CREDIT LYONNAIS CAYMAN
ISLAND BRANCH

By: /s/ Sandra E. Horwitz

Title: Authorized Signature

THE FUJI BANK, LIMITED

By: /s/ Peter L. Chinnici

Title: Joint General Manager

NATIONAL BANK OF CANADA

By: /s/ Jeffrey C. Angell

Title: Vice President

By: /s/ Duane K. Bedard

Title: Vice President

NBD BANK, N.A.

By: /s/ Thomas J. Kessel

Title: Vice President

BANQUE PARIBAS

By: /s/ Laurie D. Flom

Title: Vice President

By: /s/ Rowena P. Festin

Title: Vice President

SOCIETE GENERALE

By: /s/ Gilles DeMeulenaere

Title: Vice President

CREDITANSTALT-BANKVEREIN

By: /s/ Greg Mathis

Title: Vice President

By: /s/ Geoffrey D. Spillane

Title: Senior Associate

GIRO CREDIT BANK AG DER SPARKASSEN,
GRAND CAYMAN ISLAND BRANCH

By: /s/ John Redding

Title: V.P.

By: /s/ D. Stephens

Title: V.P.

BANK ONE, MILWAUKEE, NA

By: /s/ Paul W. Jelacic

Title: Assistant Vice President

THE INDUSTRIAL BANK OF JAPAN, LTD.

By: /s/ Hiroaki Nakamura

Title: Joint General Manager

THE YASUDA TRUST AND BANKING
COMPANY, LIMITED

By: /s/ K. Inoue

Title: Joint General Manager

DRESDNER BANK AG CHICAGO AND GRAND
CAYMAN BRANCHES

By: /s/ Graham Lewis

Title: Asst. Vice President

By: /s/ Brian Brodeur

Title: Vice President

ISTITUTO BANCARIO SAN PAOLO DI
TORINO S.p.A.

By: /s/ William J. De Angelo

Title: First Vice President

SCHEDULE 1.1(a)

NAMES AND ADDRESSES OF BANKS

CHEMICAL BANK
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Karen Seger
Telephone: (212) 270-3997
Telecopy: (212) 972-9854

BANKERS TRUST COMPANY
130 Liberty Street
30th Floor
New York, New York 10006
Attention: Chris Kinslow
Telephone: (212) 250-7671
Telecopy: (212) 250-7200

THE BANK OF NOVA SCOTIA
181 West Madison
Suite 3700
Chicago, Illinois 60602
Attention: Alan Spurgin
Telephone: (312) 201-4142
Telecopy: (312) 201-4108

CITICORP USA, INC.
399 Park Avenue
8th Floor/Zone 12
New York, New York 10043
Attention: Elizabeth A. Palermo
Telephone: (212) 559-3533
Telecopy: (212) 826-2375

LEHMAN COMMERCIAL PAPER INC.
200 Vesey Street
3 World Financial Center
New York, New York 10285
Attention: Lisa Conrad
Telephone: (212) 526-0232
Telecopy: (212) 528-0819

THE FIRST NATIONAL BANK OF BOSTON
100 Federal Street
Mailstop 01-21-01
Boston, Massachusetts 02106
Attention: Lisa S. Marshall
Telephone: (617) 434-4117
Telecopy: (617) 434-6685

THE BANK OF NEW YORK
One Wall Street
22nd Floor
New York, New York 10286
Attention: Paula DiPonzio
Telephone: (212) 635-1066
Telecopy: (212) 635-6434

THE MITSUBISHI TRUST & BANKING CORPORATION
One Financial Place
440 S. LaSalle Street
Suite 3100
Chicago, Illinois 60605
Attention: John Page
Telephone: (312) 408-6004
Telecopy: (312) 663-0863

THE NIPPON CREDIT BANK, LTD.
245 Park Avenue
30th Floor
New York, New York 10167
Attention: Clifford Abramsky
Telephone: (212) 984-1238
Telecopy: (212) 490-3895

SHAWMUT BANK CONNECTICUT, N.A.
777 Main Street, MSN 397
Hartford, Connecticut 06115
Attention: Gene Martin
Telephone: (203) 986-5624
Telecopy: (203) 986-5367

ABN AMRO BANK N.V.
135 S. LaSalle Street
Room 425
Chicago, Illinois 60603
Attention: Robert J. Graff
Telephone: (312) 443-2675
Telecopy: (312) 606-8425

CIBC INC.
200 West Madison
Suite 2300
Chicago, Illinois 60606
Attention: Kent Davis
Telephone: (312) 750-8733
Telecopy: (312) 726-8884

COMERICA BANK
One Detroit Center
500 Woodward Avenue
8th Floor
Detroit, Michigan 48226
Attention: Mike Shea
Telephone: (313) 222-2977
Telecopy: (313) 222-9559

CAISSE NATIONALE DE CREDIT AGRICOLE
55 E. Monroe Street
Chicago, Illinois 60603
Attention: Roger Weis
Telephone: (312) 917-7440
Telecopy: (312) 372-3724

CREDIT LYONNAIS
227 W. Monroe Street
Suite 3800
Chicago, Illinois 60606
Attention: Mel Smith
Telephone: (312) 641-0500
Telecopy: (312) 641-0527

THE FUJI BANK, LIMITED
225 West Wacker Drive
Suite 2000
Chicago, Illinois 60606
Attention: Mark McCracken
Telephone: (312) 621-0397
Telecopy: (312) 621-0539

NATIONAL BANK OF CANADA
27777 Franklin Road
Suite 1570
Southfield, Michigan 48034
Attention: Jeffrey C. Angell
Telephone: (810) 354-4800
Telecopy: (810) 354-1768

NBD BANK, N.A.
611 Woodward Avenue
Detroit, Michigan 48226
Attention: Thomas J. Kessel
Telephone: (313) 225-2884
Telecopy: (313) 225-2290

BANQUE PARIBAS
227 W. Monroe
Suite 3300
Chicago, Illinois 60606
Attention: Laurie D. Flom
Telephone: (312) 853-6022
Telecopy: (312) 853-6020

SOCIETE GENERALE
181 West Madison Street
Suite 3400
Chicago, Illinois 60602
Attention: Gilles Demeulenaere
Telephone: (312) 578-5008
Telecopy: (312) 578-1671

CREDITANSTALT-BANKEVEREIN
245 Park Avenue
New York, New York 10167
Attention: Geoffrey D. Spillane
Telephone: (212) 856-1250
Telecopy: (212) 856-1006

GIRO CREDIT BANK AG DER SPARKASSEN,
GRAND CAYMAN ISLAND BRANCH
65 East 55th Street
Park Avenue Towers
New York, New York 10022
Attention: John Redding
Telephone: (212) 909-0624
Telecopy: (212) 644-0644

BANK ONE, MILWAUKEE, NA
111 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
Attention: J. Dean Potokar
Telephone: (414) 765-2527
Telecopy: (414) 765-2176

THE INDUSTRIAL BANK OF JAPAN, LTD.
227 West Monroe Street
Suite 2600
Chicago, Illinois 60606
Attention: John Bowin
Telephone: (312) 855-8264
Telecopy: (312) 855-8200

THE YASUDA TRUST AND BANKING
COMPANY, LIMITED
181 West Madison Street
Suite 4500
Chicago, Illinois 60602
Attention: Robert Orenstein
Telephone: (312) 683-3836
Telecopy: (312) 683-3899

ISTITUTO BANCARIO SAN PAOLO DI
TORINO S.P.A.
245 Park Avenue
New York, New York 10167
Attention: Michele von Kroemer
Telephone: (212) 692-3196
Telecopy: (212) 599-5303

DRESDNER BANK AG CHICAGO AND
GRAND CAYMAN BRANCHES
190 South LaSalle Street
Chicago, Illinois 60603
Attention: Brian Brodeur
Telephone: (312) 444-1319
Telecopy: (312) 444-1305

SCHEDULE 1.1(b)

SECURITY DOCUMENTS

I. Guarantee

1. Second Amended and Restated Subsidiary Guarantee, dated as of the date hereof, made by LS Acquisition Corp. No. 14, Lear Seating Holdings Corp. No. 50, Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corporation No. 24, and Fair Haven Industries, Inc. in favor of the Agent, substantially in the form of Exhibit C to the Agreement.

II. Pledge Agreements

1. Second Amended and Restated Domestic Pledge Agreement, dated as of the date hereof, made by the Borrower, pledging 100% of the stock of Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corporation No. 24, LS Acquisition Corporation No. 14 and Lear Seating Holdings Corp. No. 50 and 65% of the stock of Lear Seating Sweden AB, in favor of the Agent, substantially in the form of Exhibit D to the Agreement.

2. Second Amended and Restated Fair Haven Pledge Agreement, dated as of the date hereof, made by LS Acquisition Corporation No. 24, pledging 100% of the stock of Fair Haven Industries, Inc., in favor of the Agent, substantially in the form of Exhibit E to the Agreement.

3. Second Amended and Restated German Pledge Agreement made by LS Acquisition Corp. No. 14, pledging 65% of the stock of NS Beteiligungs GmbH, in favor of the Agent, substantially in form and substance satisfactory to the Agent.

4. Second Amended and Restated Mexican Pledge Agreement, dated as of the date hereof, made by the Borrower, pledging 40% of the stock of Central de Industrias S.A. de C.V., in favor of the Agent, in form and substance satisfactory to the Agent.

5. Second Amended and Restated Additional Mexican Pledge Agreement, dated as of the date hereof, made by Lear Seating Holdings Corp. No. 50, pledging 65% of the stock of EATSA, in favor of the Agent, in form and substance satisfactory to the Agent.

6. Pledge Agreement ("Nantissement"), dated as of December 22, 1993, made by the Borrower, pledging 65% of the stock of Lear France, in favor of the Agent, together with the related Confirmation, in form and substance satisfactory to the Agent.

7. Amended and Restated Lear Seating Canada Ltd. Share Pledge Agreement, dated as of October 25, 1993, made by the Borrower, pledging 65% of the stock of Lear Canada, in favor of the Agent, together with the related Acknowledgment and Confirmation, in form and substance satisfactory to the Agent.

8. Charge Over Shares, dated December 23, 1993, made by the Borrower, pledging 65% of the stock of Lear Seating (U.K.) Limited, in favor of the Agent, in form and substance satisfactory to the Agent.

III. Security Agreements

1. Second Amended and Restated Security Agreement, dated as of the date hereof, made by the Borrower, LS Acquisition Corp. No. 14, Lear Seating Holding Corp. No. 50, Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corporation No. 24 and Fair Haven Industries, Inc., in favor of the Agent, substantially in the form of Exhibit F to the Agreement.

2. Amended and Restated General Security Agreement, dated as of October 25, 1993, made by Lear Canada in favor of the Agent, together with the related Acknowledgement and Confirmation, in form and substance satisfactory to the Agent.

IV. Mortgages

1. Mortgage on property located in Mendon, Michigan, dated as of September 29, 1988, from Lear Siegler Plastics Corp. to Manufacturers Hanover Trust Company, as Agent.

2. Mortgage on property located in Fenton, Michigan, dated as of September 29, 1988, from Lear Siegler Corp. to Manufacturers Hanover Trust Company, as Agent.

3. Mortgage on property located in Southfield, Michigan, dated as of September 29, 1988, from Progress Pattern Corp. to Manufacturers Hanover Trust Company, as Agent, as amended by the First Amendment to Mortgage, dated as of October 25, 1993, among Progress Pattern Corp., the Borrower and Chemical Bank, as Agent.

4. Mortgage on property located in Romulus, Michigan, dated as of September 29, 1988, from Lear Siegler Seating Corp. to Manufacturers Hanover Trust Company, as Agent.

5. Mortgage on property located in Detroit, Michigan, dated as of September 29, 1988, from Lear Siegler Seating Corp. to Manufacturers Hanover Trust Company, as Agent.

6. Deeds of Trust on fee property located in Morristown, Tennessee, each dated as of September 29, 1988, from

Lear Siegler Seating Corp. to Devereaux Cannon, as Trustee, for the benefit of Manufacturers Hanover Trust Company, as Agent.

7. Mortgage on property located in Janesville, Wisconsin, dated as of March 1, 1991, from Lear Seating Corporation to Manufacturers Hanover Trust Company, as Agent.

8. Amendment Agreement to the Irrevocable Property Conveyance Trust Agreements covering the Rio Bravo, San Lorenzo and La Cuesta facilities of Favesa.

SCHEDULE 1.1(c)

MORTGAGED PROPERTIES

Location -------- Building Size ------------	Land Size ---------
(Sq. Ft.)	(Acres)
1. 21557 Telegraph Road Southfield, Michigan a. 70,000 sq. ft. b. 65,500 sq. ft. c. 19,000 sq. ft	11.71
2. 4600 Nancy Avenue Detroit, Michigan 156,800 sq. ft.	9.0
3. 36300 Eureka Road Romulus, Michigan 89,600 sq. ft.	N/A
4. 36310 Eureka Road Romulus, Michigan 88,200 sq. ft.	N/A
5. 340 Fenway Drive Fenton, Michigan 75,800 sq. ft.	10.2
6. 236 West Clark Street Mendon, Michigan 168,500 sq. ft.	18.0
7. 325 Industrial Avenue Morristown, Tennessee (owned property) 235,900 sq. ft.	20.0
8. 5521 Jeffery Lane Morristown, Tennessee (leased property) 37,050 sq. ft.	N/A
9. 3708 Enterprise Drive Janesville, Wisconsin 120,000 sq. ft.	N/A

SCHEDULE 2.1

COMMITMENTS

Bank	Commitment
Chemical Bank	$ 28,000,000
Bankers Trust Company	15,500,000
The Bank of Nova Scotia	28,000,000
Citicorp USA, Inc.	28,000,000
Lehman Commercial Paper Inc.	16,000,000
The First National Bank of Boston	25,000,000
The Bank of New York	25,000,000
The Mitsubishi Trust & Banking Corporation	20,000,000
The Nippon Credit Bank, Ltd.	25,000,000
Shawmut Bank Connecticut, N.A.	20,000,000
ABN AMRO Bank N.V.	25,000,000
CIBC Inc.	20,000,000
Comerica Bank	22,250,000
Caisse Nationale de Credit Agricole	15,000,000
Credit Lyonnais	20,000,000
The Fuji Bank, Limited	20,000,000
National Bank of Canada	15,000,000
NBD Bank, N.A.	22,250,000
Banque Paribas	15,000,000
Societe Generale	25,000,000
Creditanstalt-Bankverein	10,000,000
Giro Credit Bank AG der Sparkassen, Grand Cayman Island Branch	10,000,000
Bank One, Milwaukee, NA	10,000,000
The Industrial Bank of Japan, Ltd.	10,000,000
The Yasuda Trust and Banking Company, Limited	10,000,000
Dresdner AG Chicago and Grand Cayman Branches	10,000,000
Istituto Bancario San Paolo di Torino S.p.A.	10,000,000
	$500,000,000

SCHEDULE 3.1

EXISTING LETTERS OF CREDIT

Letter of Credit Number	Face Amount	Beneficiary	Expiration Date
T - 293944	$ 3,000,000	Zurich Insurance	October 31, 1998
G - 153340	$ 8,500,000	The Bank of Nova Scotia	March 31, 1998
T - 294933	$ 4,612,000	National Union Fire Insurance Company	August 13, 1998
G - 137608	$ 2,875,000	National Union Fire Insurance Company	October 26, 1998
G - 239356	$ 908,750	National Union Fire Insurance Company	August 27, 1998
T - 216189	$ 750,000	Zurich Insurance	June 30, 1998
T - 219868	$ 4,800,000	Zurich Insurance	October 31, 1998
T - 220133	$15,000,000	Citibank	October 31, 1998
R - 232745	$ 9,626,667	NBD Bank, N.A.	July 20, 1998
T - 235091	$ 9,630,137	NBD Bank, N.A.	September 16, 1998
T - 237709	$ 1,750,000	Zurich Insurance	September 30, 1999

SCHEDULE 6.14

SUBSIDIARIES, DIVISIONS, PARTNERSHIPS AND JOINT VENTURES
OF LEAR SEATING CORPORATION

DOMESTIC SUBSIDIARIES:

Name of Entity	Jurisdiction of Incorporation	Number of Shares	Stock Ownership	Record Holder
LS Acquisition Corp. No. 14	Delaware	100 Common	100%	Lear Seating Corporation
Lear Seating Holdings Corp. No. 50	Delaware	100 Common	100%	Lear Seating Corporation
Progress Pattern Corp.	Delaware	100 Common	100%	Lear Seating Corporation
LS Acquisition Corporation No. 24	Delaware	100 Common	100%	Lear Seating Corporation
Fair Haven Industries, Inc.	Michigan	19,600 Common	100%	LS Acquisition Corporation No. 24
Lear Plastics Corp.	Delaware	100 Common	100%	Lear Seating Corporation

FOREIGN SUBSIDIARIES:

Name of Entity	Jurisdiction of Organization	Stock Ownership	Record Holder
Lear Seating Sweden AB	Sweden	100%	Lear Seating Corporation
Equipos Automotrices Totales S.A. de C.V.	Mexico	100%	Lear Seating Holdings Corp. No. 50
Central de Industrias S.A. de C.V.	Mexico	59.6% 40%	Equipos Automotrices Totales S.A. de C.V. Lear Seating Corporation
Lear Seating Canada Ltd.	Canada	100%	Lear Seating Corporation
Lear International Ltd.	Barbados	100%	Lear Seating Canada Ltd.
Lear Industries Holdings B.V.	Netherlands	100%	Lear International Ltd.
Intertrim S.A. de C.V.	Mexico	99.5%	Lear Seating Corporation
NS Beteiligungs GmbH	Germany	100%	LS Acquisition Corp. No. 14
Lear Seating Autositze GmbH	Austria	100%	NS Beteiligungs GmbH
No Sag Draftfedern GmbH	Germany	99.8%	NS Beteiligungs GmbH
Lear Seating GmbH	Germany	100%	Lear No Sag Draftfedern GmbH
Lear France E.U.R.L.	France	100%	Lear Seating Corporation
Societe No Sag Francaise	France	55.8%	Lear France E.U.R.L.
Souby S.A.	France	100%	Societe No Sag Francaise
Spitzer Gmbh	Austria	62%	Lear No-Sag GmbH & Co. KG
Lear Seating (U.K.) Ltd.	U.K.	100%	Lear Seating Corporation
Lear Seating Australia PTY. Ltd.	Australia	100%	Lear Seating Corporation
Favesa S.A. de C.V.	Mexico	99.9999% 0.0001%	Equipos Automotrices Totales S.A. de C.V. Lear Seating Corporation
Lear Seating Italia, S.r.l	Italy	99% 1%	Lear Seating Corporation LS Acquisition Corp. No. 14

PARTNERSHIPS/JOINT VENTURES:

Name of Entity	Jurisdiction of Organization	Stock Ownership	Record Holder
PARTNERSHIPS			
Lear Seating Autositze GmbH & Co. KG	Austria	99% 1%	NS Beteiligungs GmbH Lear Seating Autositze GmbH
Lear Seating GmbH & Co. KG	Germany	Gen'l Pt Lim. Pt	No Sag Draftfedern GmbH Lear Seating GmbH
No Sag Draftfedern Spitzer & Co. KG	Austria	62.5% 37.5%	Lear Seating GmbH & Co. KG Spitzer GmbH
JOINT VENTURES AND MINORITY INTERESTS			
General Seating of America	Michigan	35% (a)	Lear Seating Corporation
General Seating of Canada Limited	Canada	35% (a)	Lear Seating Canada Ltd.
Pacific Trim Corporation Ltd.	Thailand	20%	Lear Seating Corporation
Probel S.A.	Brazil	31%	Lear Seating Canada Ltd.

(a) An option exists whereby General Motors Corporation may purchase five percent (5%) of the issued shares from Lear Seating Corporation and Lear Seating Canada Ltd.

In connection with the Acquisition, the following entities will be acquired:

SEPI Poland Sp. Z o.o.	Poland	100%	Lear Seating Corporation
Markol Otomotiv Yan Sanayi Ve Ticaret Anonim Sirketi	Turkey	35%	Lear Seating Corporation
SEPI S.p.A.	Italy	100%	Lear Seating Italia
SEPI SUD S.p.A.	Italy	100%	SEPI S.p.A.
Industrias Cousin Freres S.L.	Spain	49.9%	SEPI S.p.A.

SCHEDULE 6.18

HAZARDOUS MATERIAL

A. General Use of Hazardous Material. Holdings and its Subsidiaries and other Persons have caused or permitted Hazardous Materials (as defined in the Agreement) to be placed, held, located or disposed of on, under or at each of the Mortgaged Properties from time to time in the ordinary course of operations in the following manner:

1. Each of the Mortgaged Properties has provision for disposal of sewage through septic systems or connections to municipal sewage treatment systems;

2. The ordinary processes and operations conducted on each of the Mortgaged Properties utilize certain Hazardous Materials, including in some or all instances, paints, solvents, oils, plasticizers, acids, caustics, solutions used to clean metal and plastic parts and other chemicals; and

3. It is possible that urea formaldehyde foam insulation, paints containing lead, asbestos, and polychlorinated biphenyls ("PCBs") may have been found in certain of the Mortgaged Properties in the past.

Specific instances of the placement, holding, location and disposal of Hazardous Materials known to Borrower and its Subsidiaries are disclosed in the remainder of this Schedule.

B. Mendon, Michigan

The facility at Mendon, Michigan is contaminated with Hazardous Materials in several areas.

1. The Mendon plant has used a variety of chemicals, some of which are Hazardous Materials. Among the chemicals used are hydraulic, lubricating and cutting oils, chlorinated solvents and non-chlorinated solvents and water and solvent-based paints.

2. A system of sumps and pipes used to transport hydraulic oil to presses in the plant apparently leaked, contaminating soil and groundwater. Approximately 8700 cubic yards of soil were removed and disposed of with the approval of the Michigan Department of Natural Resources ("MDNR"). MDNR also agreed to a remediation procedure for cleaning up groundwater, including installation of an interceptor sewer and collection of oil in an oil/water separator.

3. The groundwater at the southwest corner of the plant was found to contain levels of volatile organic compounds ("VOCs") including trichloroethylene and other chlorinated solvents in low, but not insignificant, concentrations. Alternatives were evaluated and a remedial program was selected with the approval of the MDNR. A pumping system was installed to pump and treat the groundwater prior to discharge. It is possible that further testing will be required to determine the scope of the problem and the optimal remedial program.

4. The groundwater at the northwest corner of the plant under former waste pits used to treat electroplating wastewater was found to contain nickel and chromium. The waste pits and surrounding soil were removed, and a pumping system was installed to pump the groundwater into the plant for discharge with the approval of the MDNR.

5. Soil beneath one of the plant buildings was contaminated with heavy metals as the result of spills from the former electroplating operation and leaks in the floor. The Borrower excavated the most heavily contaminated soil and signed a "Declaration of Restrictions/Consent Agreement" with MDNR, which requires maintenance of an impermeable cap (i.e., the current concrete floor) over the contaminated area.

6. The Borrower believes that it has completed all of the capital expenditures necessary to remedy the soil and groundwater contamination identified at the Mendon plant. Monitoring wells indicate that there has been no migration of contamination toward a drinking water well located approximately one quarter of a mile from the plant, but it is remotely possible that MDNR will require the Borrower to undertake additional remedial actions as a precaution.

C. Morristown, Tennessee

1. The Morristown plant uses a variety of chemicals, some of which may be Hazardous Materials. These chemicals include lubricating, cutting and hydraulic oils, mineral spirit solvents, water-based paints, and an iron-phosphate metal cleaning solution.

D. Detroit, Michigan

The Detroit facility consists of two plants which make foam cushions and foam components and assemble car seats.

1. The Detroit facility uses a variety of chemicals, some of which are Hazardous Materials. Among the chemicals used are toluene diisocyanate, methane diisocyanate,

polyols, glues (at least some of which contain the solvent methylene chloride) paints, polyethylene, water soluble cooling oils, lubricating oils, mineral oil, mineral spirit solvents and amines. A recent survey did not identify any asbestos in the plant, but a few areas that might contain asbestos apparently were not covered in the survey.

2. Both plants at the Detroit facility were used for industrial activity by prior owners. Borrower and its Subsidiaries know nothing about the materials use or waste disposal practices of those owners.

E. Southfield, Michigan

The Southfield property is the site of Progress Pattern Corporation, its manufacturing plant and the Lear Seating Corporation headquarters and Technical Center.

1. The operations at Southfield utilize various chemicals, some of which are Hazardous Materials. Progress Pattern uses paints, lubricating and hydraulic oils, solvents, plasticizers, isocyanates, polyol, styrene, argon gas and beryllium alloys. The Technical Center uses polyols isocyanates and solvent based plasticizers.

2. The Progress Pattern plant discharges rinse water and plaster of Paris waste from molds to a gravel pit on the property. Progress Pattern personnel are instructed not to allow other wastes to go to the gravel pit, but it is possible that small quantities of other materials, some of which may be Hazardous materials, might on occasion have been discharged to the gravel pit.

F. Fenton, Michigan

1. The Fenton plant uses limited amounts of oils and solvents for occasional applications in the manufacturing process. Water based and solvent-based paints and mineral oils are utilized in maintenance of the facilities.

SCHEDULE 8.2

EXISTING INDEBTEDNESS

1. Indebtedness evidenced by the Indenture dated as of July 15, 1992, relating to the Borrower's 11-1/4% Senior Subordinated Notes, in an aggregate principal amount of $125,000,000, plus accrued and unpaid interest.

2. Indebtedness evidenced by the Indenture dated February 1, 1994, relating to the Borrower's 8-1/4% Subordinated Notes, in an aggregate principal amount of $145,000,000, plus accrued and unpaid interest.

3. Indebtedness of Lear Canada under its revolving loan facility with The Bank of Nova Scotia in the principal amount up to $10,000,000 (Canadian), plus accrued and unpaid interest.

4. Indebtedness of NS Beteiligungs GmbH to Industriekreditbank AG-Deutsch Industriebank in the principal amount of DM 11,000,000, plus accrued and unpaid interest.

5. Indebtedness in Germany to the city of Eisenach, Germany, relating to a land purchase in Eisenach, Germany, in the principal amount of DM 429,000, plus accrued and unpaid interest.

6. Indebtedness in Austria to Sparkasse under a working capital credit line in the principal of up to ATS 40,000,000, plus accrued and unpaid interest.

7. Indebtedness in Mexico to Internacional under a note payable facility for working capital in the principal amount up to $15,000,000, plus accrued and unpaid interest.

8. Indebtedness in Mexico to Bancomer, Banco Mexicano, Banamex and Citibank under a note payable facility for working capital in the principal amount up to 90,000,000 Mexican pesos and $12,800,000, plus accrued and unpaid interest.

9. Indebtedness of Lear Seating Sweden AB to SE Banken under a working capital credit facility in the principal amount up to SEK 6,500,000, plus accrued and unpaid interest.

10. Indebtedness of the Borrower to NBD Bank, N.A. under a capitalized lease in the amount of $221,903.

11. Indebtedness of the Borrower to the City of Hammond, Indiana under the loan agreement dated July 1, 1994, in the principal amount of $9,500,000, plus accrued and unpaid interest.

12. Indebtedness of the Borrower to Development Authority of Clayton County, Georgia under a loan agreement dated September 16, 1994, in the principal amount of $9,500,000, plus accrued and unpaid interest.

13. Indebtedness of Lear Seating Canada, Ltd. to the government of the Province of Ontario, Canada under a loan agreement, dated January 27, 1993, in the principal amount up to $2,500,000 (Canadian), plus accrued and unpaid interest.

14. Indebtedness of Lear Seating Canada, Ltd. to the government of the Province of Ontario, Canada under a loan agreement, in the principal amount up to $2,000,000 (Canadian), plus accrued and unpaid interest.

15. Indebtedness of Favesa to Citibank evidenced by a promissory note dated November 1, 1993 in the principal amount of $15,000,000, plus accrued and unpaid interest.

16. Indebtedness of Favesa to Ford, evidenced by a promissory note dated November 1, 1993 in the principal amount of $1,200,000, plus accrued and unpaid interest.

17. Indebtedness of the Borrower to AFCO under a loan agreement dated October 31, 1994 in a principal amount of approximately $1,400,000, plus accrued and unpaid interest.

18. Indebtedness of SEPI S.p.A to Ministro dell'Industrias Commercio E Artignato of approximately Lit 610,000,000, plus accrued and unpaid interest.

19. Indebtedness of SEPI S.p.A to Inpool B.N.L. and Efibanca of approximately Lit 3,200,000,000, plus accrued and unpaid interest.

20. Indebtedness of Lear Seating Italia to Istituto Bancario San Paolo di Torino S.p.A. under a term loan agreement in the principal amount of up to Lit 250,000,000,000, plus accrued and unpaid interest.

SCHEDULE 8.9

EXISTING LOANS, ADVANCES AND CAPITAL CONTRIBUTIONS

1. Capital contribution by LS Acquisition Corp. No. 14 to NS Beteiligungs GmbH in the amount of DM 10,000,000.

2. Capital contribution by Lear Seating Corporation to NS Beteiligungs GmbH in the amount of $6,000,000.

3. Capital contribution by Lear Seating Corporation to NS Beteiligungs GmbH in the amount of $4,000,000.

4. Capital contribution by Lear Seating Corporation to NS Beteiligungs GmbH in the amount of DM 3,045,000.

5. Equity Investment by Lear Seating Corporation in Central de Industrias S.A. de C.V. in the amount of $12,613,000.

6. Equity Investment by Lear Seating Corporation in Central de Industrias S.A. de C.V. in the amount of $15,589,000.

7. Equity Investment by Lear Seating Corporation in Lear Seating Sweden AB in the amount of $1,500,000.

8. Capital contribution by Lear Seating Corporation to Lear Seating Sweden AB in the amount of $3,800,000.

9. Equity investment by LS Acquisition Corporation No. 24 in Fair Haven Industries, Inc. in the amount of $750,000.

10. Equity Investment by LS Acquisition Corporation No. 24 in Fair Haven Industries, Inc. in the amount of $600,000.

11. Equity Investment by Lear Seating Corporation in General Seating of America, Inc. in the amount of $600,000.

12. Equity Investment by Lear Seating Canada Ltd. in General Seating of Canada, Ltd. in the amount of $1,800,000 (Canadian).

13. Capital contribution by Lear Seating Corporation in Lear Seating (U.K.) Ltd. in the amount of $3,890,000.

14. Equity investment in Pacific Trim Corporation Ltd. (Thailand) by Lear Seating Corporation in the amount of $223,000.

15. Capital contribution by Lear Seating Corporation to subsidiaries organized under the laws of Austria in the amount of $50,000.

16. Capital contribution by Lear Seating Corporation to Lear France E.U.R.L. in the amount of Fr 50,000.

17. Capital contribution and a loan by Lear Seating Corporation to Lear Seating Australia PTY Ltd. in the amounts of $444,000 and $200,000, respectively.

18. Capital contribution by Lear Seating Corporation to Lear Seating Sweden Ltd. of approximately $2,300,000.

19. Capital contribution by Lear Seating Corporation to Equipos Automotrices Totales S.A. de C.V. to finance the acquisition of the North American Business of the Ford Motor Company.

SCHEDULE 8.15

CONTRACTUAL OBLIGATION RESTRICTIONS

1. Indenture, dated July 15, 1992, among Lear Seating Corporation, as Issuer, Lear Holdings Corporation, as Guarantor and The Bank of New York, as Trustee, relating to the Borrower's 11-1/4% Senior Subordinated Notes.

2. Indenture, dated February 1, 1994, between Lear Seating Corporation, as Issuer and the First National Bank of Boston, as Trustee, relating to the Borrower's 8-1/4% Subordinated Notes.

3. Loan Agreement between NS Beteilgungs GmbH and Industriekreditbank AG-Deutsch Industriek.

4. Agreement relating to working capital credit facility provided by SE Banken to Lear Seating Sweden AB.

5. Capital lease relating to property in Detroit, Michigan.

6. Agreements and security instruments assumed by Lear Seating Corporation in connection with the Acquisition.

7. Loan Agreement between Lear Seating Corporation and the Province of Ontario, Canada relating to indebtedness of up to $2,000,000 (Canadian).

8. Loan Agreement, dated January 27, 1993, between Lear Seating Corporation and the Province of Ontario, Canada.

9. Term Loan Agreement between Lear Seating Italia and Istituto Bancario San Paolo di Torino S.p.A. entered into in connection with the Acquisition.

EXHIBIT A

FORM OF
REVOLVING CREDIT NOTE

$_____ New York, New York
November , 1994

FOR VALUE RECEIVED, the undersigned, LEAR SEATING CORPORATION, a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of _____ (the "Bank") at the office of Chemical Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, on the Termination Date the principal amount of (a) _____ DOLLARS ($_____), or, if less, (b) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Bank to the Borrower pursuant to subsection 2.1 of the Credit Agreement referred to below. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in subsection 4.1 of such Credit Agreement.

The holder of this Revolving Credit Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type, maturity date, interest rate with respect thereto and amount of each Revolving Credit Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period, with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement shall not affect the obligations of the Borrower in respect of such Revolving Credit Loan.

This Revolving Credit Note (a) is one of the Revolving Credit Notes referred to in the Second Amended and Restated Credit Agreement, dated as of November 29, 1994 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Bank, the other financial institutions from time to time parties thereto, Chemical Bank, as Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Revolving Credit Note is guaranteed as provided in the Credit Agreement. Reference is hereby made to the Credit

Agreement for the nature and extent of the guarantees, the terms and conditions upon which such guarantees were granted and the rights of the holder of this Revolving Credit Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Revolving Credit Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Revolving Credit Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[This Revolving Credit Note is made in substitution and replacement for, but not in payment of, the promissory note, dated October 25, 1993, made by the Borrower to the Bank under the Amended and Restated Credit Agreement.]1/

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

LEAR SEATING CORPORATION

By_____
Title:

1/ To be included only for the Revolving Credit Notes to Banks under the Amended and Restated Credit Agreement.

Schedule A
to Revolving
Credit Note

LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

Date	Amount of ABR Loans	Amount Converted to ABR Loans	Amount of Principal of ABR Loans Repaid	Amount of ABR Loans Converted to Eurodollar Loans	Unpaid Principal Balance of ABR Loans	Notation Made By

Schedule B
to Revolving
Credit Note

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to ABR Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By

EXHIBIT B

FORM OF
SWING LINE NOTE

$40,000,000 New York, New York
November , 1994

FOR VALUE RECEIVED, the undersigned, LEAR SEATING CORPORATION, a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of CHEMICAL BANK (the "Bank") at the office of Chemical Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, on the Termination Date the principal amount of (a) FORTY MILLION DOLLARS ($40,000,000), or, if less, (b) the aggregate unpaid principal amount of all Swing Line Loans made by the Bank to the Borrower pursuant to subsection 2.4 of the Credit Agreement referred to below. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in subsection 4.1 of such Credit Agreement.

The holder of this Swing Line Note is authorized to endorse on the schedule annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date and amount of each Swing Line Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement shall not affect the obligations of the Borrower in respect of such Swing Line Loan.

This Swing Line Note (a) is the Swing Line Note referred to in the Second Amended and Restated Credit Agreement, dated as of November 29, 1994 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Bank, the other financial institutions from time to time parties thereto, Chemical Bank, as Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Swing Line Note is guaranteed as provided in the Credit Agreement. Reference is hereby made to the Credit Agreement for the nature and extent of the guarantees, the terms and conditions upon which such guarantees were granted and the rights of the holder of this Swing Line Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Swing Line Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Swing Line Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

This Swing Line Note is made in substitution and replacement for, but not in payment of, the promissory note, dated October 25, 1993, made by the Borrower to the Bank under the Amended and Restated Credit Agreement.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

LEAR SEATING CORPORATION

By_____
Title:

Schedule A to Swing Line Note

LOANS, CONVERSIONS AND REPAYMENTS OF SWING LINE LOANS

Date	Amount of Loans	Amount of Principal of Loans Repaid	Unpaid Principal Balance of Loans	Notation Made By

EXHIBIT C

FORM OF
SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTEE

SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTEE, dated as of November 29, 1994 (this "Guarantee"), made by each of the corporations that are signatories hereto other than Chemical Bank (the "Guarantors"), in favor of CHEMICAL BANK, as administrative agent (in such capacity, the "Agent") for the financial institutions (the "Banks") parties to the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS, Lear Seating Corporation (the "Borrower"), certain of the Banks and the Agent were parties to the Credit Agreement, dated as of September 29, 1988 (as amended, supplemented or otherwise modified from time to time, the "Original Credit Agreement");

WHEREAS, pursuant to the Original Credit Agreement, LS Acquisition Corp. No. 14, Progress Pattern Corp. and Lear Plastics Corp. (f/k/a Lear Siegler Plastics Corp.) executed and delivered to the Agent the Subsidiaries Guarantee, dated as of September 29, 1988 (as amended, supplemented or otherwise modified from time to time, the "Original Subsidiaries Guarantee");

WHEREAS, pursuant to the Original Credit Agreement, Lear Seating Holdings Corp. No. 50 executed and delivered to the Agent the Guarantor Agreement, dated as of April 23, 1990 (as amended, supplemented or otherwise modified from time to time, the "Original LS No. 50 Guarantee");

WHEREAS, pursuant to the Original Credit Agreement, LS Acquisition Corporation No. 24 (f/k/a LS Acquisition Corp. No. 24) executed and delivered to the Agent the Guarantor Agreement, dated as of August 31, 1990 (as amended, supplemented or otherwise modified from time to time, the "Original LS No. 24 Guarantee");

WHEREAS, pursuant to the Original Credit Agreement, Fair Haven Industries, Inc. executed and delivered to the Agent the Fair Haven Guarantee, dated as of September 13, 1990 (as amended, supplemented or otherwise modified from time to time, the "Original Fair Haven Guarantee");

WHEREAS, pursuant to the Original Credit Agreement, Lear Seating Holding Corp. No. 50 and LS Acquisition Corp. No. 14 executed and delivered to the Agent the Affiliates Guarantee,

dated as of September 17, 1991 (as amended, supplemented or otherwise modified from time to time, the "Affiliates Guarantee"; and together with the Original Subsidiaries Guarantee, the Original LS No. 50 Guarantee, the Original LS No. 24 Guarantee and the Original Fair Haven Guarantee, the "Original Guarantees");

WHEREAS, the Borrower requested the Banks to amend and restate the Original Credit Agreement on the terms of the Amended and Restated Credit Agreement, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Credit Agreement"), among the Borrower, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Amended and Restated Credit Agreement, LS Acquisition Corp. No. 14, Lear Seating Holding Corp. No. 50, Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corporation No. 24, and Fair Haven Industries, Inc. executed and delivered to the Agent the Amended and Restated Subsidiary and Affiliate Guarantee, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Subsidiary and Affiliate Guarantee");

WHEREAS, the Borrower has requested the Banks to amend and restate the Amended and Restated Credit Agreement on the terms of the Second Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), the Banks have agreed to make certain Loans (as defined in the Credit Agreement) to or for the benefit of the Borrower and, in the case of the Issuing Bank (as defined in the Credit Agreement), issue and, in the case of the Participating Banks (as defined in the Credit Agreement), participate in certain Letters of Credit (as defined in the Credit Agreement);

WHEREAS, it is a condition precedent to the obligation of the Banks to make the Loans and to issue or participate in the Letters of Credit under the Credit Agreement that each Guarantor shall have executed and delivered this Guarantee to the Agent for the ratable benefit of the Banks; and

WHEREAS, the Borrower and the Guarantors are engaged in related businesses and each Guarantor will derive substantial

direct and indirect benefits from the making of the Loans and issuances of the Letters of Credit;

NOW, THEREFORE, in consideration of the premises contained herein and to induce the Agent, the Managing Agents and the Banks to enter into the Credit Agreement and to induce the Banks to make the Loans and to issue and participate in the Letters of Credit under the Credit Agreement, each Guarantor hereby agrees with the Agent, for the ratable benefit of the Banks, that the Amended and Restated Subsidiary and Affiliate Guarantee shall be amended and restated in its entirety as follows:

1. Defined Terms. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section and paragraph references are to this Guarantee unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Guarantee (a) Subject to the provisions of paragraph 2(b), each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Agent, for the ratable benefit of the Banks and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors.

(c) Each Guarantor further agrees to pay any and all expenses (including, without limitation, all fees and disbursements of counsel) which may be paid or incurred by the Agent or any Bank in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, such Guarantor under this Guarantee. This Guarantee shall remain in full force and effect until the Obligations are paid in full and the Commitments are terminated,

notwithstanding that from time to time prior thereto the Borrower may be free from any Obligations.

(d) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Agent or any Bank hereunder.

(e) No payment or payments made by the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Agent or any Bank from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment or payments other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations, remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations are paid in full and the Commitments are terminated.

(f) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Agent or any Bank on account of its liability hereunder, it will notify the Agent in writing that such payment is made under this Guarantee for such purpose.

3. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 5 hereof. The provisions of this Section shall in no respect limit the obligations and liabilities of any Guarantor to the Agent and the Banks, and each Guarantor shall remain liable to the Agent and the Banks for the full amount guaranteed by such Guarantor hereunder.

4. Right of Set-off. Upon the occurrence of any Event of Default, each Guarantor hereby irrevocably authorizes each Bank at any time and from time to time without notice to such Guarantor or any other Guarantor, any such notice being expressly waived by each Guarantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether

direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank to or for the credit or the account of such Guarantor, or any part thereof in such amounts as such Bank may elect, against and on account of the obligations and liabilities of such Guarantor to such Bank hereunder and claims of every nature and description of such Bank against such Guarantor, in any currency, whether arising hereunder, under the Credit Agreement, any Note, any other Loan Documents or otherwise, as such Bank may elect, whether or not the Agent or any Bank has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Agent and each Bank shall notify such Guarantor promptly of any such set-off and the application made by the Agent or such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agent and each Bank under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Agent or such Bank may have.

5. No Subrogation. Notwithstanding any payment or payments made by any of the Guarantors hereunder or any set-off or application of funds of any of the Guarantors by any Bank, no Guarantor shall be entitled to be subrogated to any of the rights of the Agent or any Bank against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Agent or any Bank for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Agent and the Banks by the Borrower on account of the Obligations are paid in full and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Agent and the Banks, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Agent may determine.

6. Amendments, etc. with respect to the Obligations; Waiver of Rights. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Obligations made by the Agent or any Bank may be rescinded by such party and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with

respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Agent or any Bank, and the Credit Agreement, the Notes and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Agent, the Required Banks or all the Banks, as the case may be, may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Agent or any Bank for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Agent nor any Bank shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Guarantee or any property subject thereto. When making any demand hereunder against any of the Guarantors, the Agent or any Bank may, but shall be under no obligation to, make a similar demand on the Borrower or any other Guarantor or guarantor, and any failure by the Agent or any Bank to make any such demand or to collect any payments from the Borrower or any such other Guarantor or guarantor or any release of the Borrower or such other Guarantor or guarantor shall not relieve any of the Guarantors in respect of which a demand or collection is not made or any of the Guarantors not so released of their several obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Agent or any Bank against any of the Guarantors. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

7. Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Agent or any Bank upon this Guarantee or acceptance of this Guarantee; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guarantee; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Agent and the Banks, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Obligations. Each Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of the Credit Agreement, any Note or any other Loan Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Agent or any Bank, (b) any defense, set-off or

counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower against the Agent or any Bank, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of such Guarantor under this Guarantee, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, the Agent and any Bank may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Borrower or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Agent or any Bank to pursue such other rights or remedies or to collect any payments from the Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve such Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Agent and the Banks against such Guarantor. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon each Guarantor and the successors and assigns thereof, and shall inure to the benefit of the Agent and the Banks, and their respective successors, indorsees, transferees and assigns, until all the Obligations and the obligations of each Guarantor under this Guarantee shall have been satisfied by payment in full and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrower may be free from any Obligations.

8. Reinstatement. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Agent or any Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

9. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Agent without set-off or counterclaim in Dollars at the office of the Agent located at 270 Park Avenue, New York, New York 10017.

10. Representations and Warranties. Each Guarantor hereby represents and warrants that:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority and the legal right to own and operate its property, to lease the property it operates and to conduct the business in which it is currently engaged;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guarantee and each other Loan Document to which it is a party, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Guarantee and each other Loan Document to which it is a party;

(c) this Guarantee and each other Loan Document to which it is a party constitutes a legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;

(d) the execution, delivery and performance of this Guarantee and each other Loan Document to which it is a party will not violate any provision of any Requirement of Law or Contractual Obligation of such Guarantor and will not result in or require the creation or imposition of any Lien on any of the properties or revenues of such Guarantor pursuant to any Requirement of Law or Contractual Obligation of the Guarantor; and

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder or creditor of such Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guarantee and each other Loan Document to which it is a party.

Each Guarantor agrees that the foregoing representations and warranties shall be deemed to have been made by such Guarantor on the date of each borrowing or issuance of a Letter of Credit under the Credit Agreement and as of such date of borrowing or issuance, as the case may be, as though made hereunder on and as of such date. Each Guarantor hereby confirms that each of the Mortgages and each other Security Document to which such Guarantor is a party stands as collateral security for

the payment and performance of such Guarantor's obligations and liabilities under this Guarantee.

11. Authority of Agent. Each Guarantor acknowledges that the rights and responsibilities of the Agent under this Guarantee with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Guarantee shall, as between the Agent and the Banks, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and such Guarantor, the Agent shall be conclusively presumed to be acting as agent for the Banks with full and valid authority so to act or refrain from acting, and no Guarantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

12. Notices. All notices, requests and demands to or upon the Agent, any Bank or any Guarantor to be effective shall be in writing (or by telex or telecopy confirmed in writing) and shall be deemed to have been duly given or made (1) when delivered by hand or (2) if given by mail, five days after being deposited in the mails by certified mail, return receipt requested or (3) if by telex or telecopy, when sent and receipt has been confirmed, addressed as follows:

(a) if to the Agent or any Bank, at its address or transmission number for notices provided in subsection 11.2 of the Credit Agreement; and

(b) if to any Guarantor, at its address or transmission number for notices set forth under its signature below.

The Agent, each Bank and each Guarantor may change its address and transmission numbers for notices by notice in the manner provided in this Section.

13. Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the counterparts of this Guarantee signed by all the parties hereto shall be lodged with the Agent.

14. Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. Integration. This Guarantee represents the agreement of each Guarantor with respect to the subject matter hereof and there are no promises or representations by the Agent or any Bank relative to the subject matter hereof not reflected herein.

16. Amendments in Writing; No Waiver; Cumulative Remedies. (a) None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each Guarantor and the Agent in accordance with subsection 11.1 of the Credit Agreement, provided that any provision of this Guarantee may be waived by the Agent and the Banks in a letter or agreement executed by the Agent or by telecopy from the Agent.

(b) Neither the Agent nor any Bank shall by any act (except by a written instrument pursuant to paragraph 16(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent or such Bank would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

17. Section Headings. The section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Agent and the Banks and their successors and assigns.

19. GOVERNING LAW. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

20. Submission to Jurisdiction; Waivers. Each Guarantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Guarantee or any other Loan Document to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives trial by jury and any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Guarantor at its address set forth under its signature below or at such other address of which the Agent shall have been notified pursuant to Section 12; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be duly executed and delivered as of the day and year first above written.

LS ACQUISITION CORP. NO. 14

By:_____
Title:

LEAR SEATING HOLDINGS CORP.
NO. 50

By:_____
Title:

PROGRESS PATTERN CORP.

By:_____
Title:

LEAR PLASTICS CORP.

By:_____
Title:

LS ACQUISITION CORPORATION
NO. 24

By:_____
Title:

FAIR HAVEN INDUSTRIES, INC.

By:_____
Title:

Address for Notices:

c/o Lear Seating Corporation
21557 Telegraph Road
Southfield, Michigan 48034
Attention: Donald J. Stebbins
Telecopy: (313) 746-1593

CHEMICAL BANK, as Agent

By:_____
Title:

EXHIBIT D

FORM OF
SECOND AMENDED AND RESTATED
DOMESTIC PLEDGE AGREEMENT

SECOND AMENDED AND RESTATED DOMESTIC PLEDGE AGREEMENT, dated as of November 29, 1994, made by LEAR SEATING CORPORATION (f/k/a Lear Siegler Seating Corp., as successor by merger to LSS Acquisition Corporation and Lear Holdings Corporation), a Delaware corporation (the "Pledgor"), in favor of CHEMICAL BANK, as administrative agent (in such capacity, the "Agent") for the financial institutions (the "Banks") parties to the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, the Pledgor, certain of the Banks and the Agent were parties to the Credit Agreement, dated as of September 29, 1988 (as amended, supplemented or otherwise modified from time to time, the "Original Credit Agreement");

WHEREAS, pursuant to the Original Credit Agreement, the Pledgor executed and delivered to the Agent the Pledge Agreements, dated as of September 29, 1988 and September 13, 1990 (together, as amended, supplemented or otherwise modified from time to time, the "Original Domestic Pledge Agreements");

WHEREAS, the Pledgor requested the Banks to amend and restate the Original Credit Agreement on the terms of the Amended and Restated Credit Agreement, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Credit Agreement"), among the Pledgor, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Amended and Restated Credit Agreement, the Pledgor executed and delivered to the Agent the Amended and Restated Domestic Pledge Agreement, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Domestic Pledge Agreement");

WHEREAS, the Pledgor has requested the Banks to amend and restate the Amended and Restated Credit Agreement on the terms of the Second Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Pledgor, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), the Banks have agreed to make certain Loans (as defined in the Credit Agreement) to or for the benefit of the Pledgor and, in the case of the Issuing Bank (as defined in the Credit Agreement), issue and, in the case of the Participating Banks (as defined in the Credit Agreement), participate in certain Letters of Credit (as defined in the Credit Agreement) for the account of the Pledgor; and

WHEREAS, it is a condition precedent to the obligation of the Banks to make the Loans and to issue or participate in the Letters of Credit under the Credit Agreement that the Pledgor shall have executed and delivered this Second Amended and Restated Domestic Pledge Agreement to the Agent for the ratable benefit of the Banks;

NOW, THEREFORE, in consideration of the premises contained herein and to induce the Agent, the Managing Agents and the Banks to enter into the Credit Agreement and to induce the Banks to make the Loans and to issue and participate in the Letters of Credit under the Credit Agreement, the Pledgor hereby agrees with the Agent, for the ratable benefit of the Banks, that the Amended and Restated Domestic Pledge Agreement shall be amended and restated in its entirety as follows:

1. Defined Terms. (a) Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

"Code" means the Uniform Commercial Code from time to time in effect in the State of New York.

"Collateral" means the Pledged Stock and all Proceeds.

"Issuers" means the collective reference to the companies identified on Schedule I as the issuers of the Pledged Stock; individually, each an "Issuer".

"Pledge Agreement" means this Second Amended and Restated Domestic Pledge Agreement, as amended, supplemented or otherwise modified from time to time.

"Pledged Stock" means the shares of capital stock listed on Schedule I, together with all stock certificates, options, warrants or rights of any nature whatsoever that may be issued or granted by any Issuer to the Pledgor in respect of the Pledged Stock while this Pledge Agreement is in effect.

"Proceeds" means all "proceeds" as such term is defined in Section 9-306(1) of the Code in effect in the State of New York on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Pledged Stock, collections thereon and distributions with respect thereto.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Pledge Agreement shall refer to this Pledge Agreement as a whole and not to any particular provision of this Pledge Agreement, and Section, paragraph and Schedule references are to this Pledge Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Pledge; Grant of Security Interest. The Pledgor hereby delivers to the Agent, for the ratable benefit of the Banks, all the Pledged Stock and hereby grants to Agent, for the ratable benefit of the Banks, a first security interest in the Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

3. Stock Powers. Concurrently with the delivery to the Agent of each certificate representing one or more shares of Pledged Stock to the Agent, the Pledgor shall deliver an undated stock power covering such certificate, duly executed in blank by the Pledgor with, if the Agent so requests, signature guaranteed.

4. Representations and Warranties. The Pledgor represents and warrants that:

(a) the shares of Pledged Stock constitute all the issued and outstanding shares of all classes of the capital stock of each Issuer owned by the Pledgor, and the percentage of shares listed on Schedule I accurately sets forth the respective percentage which such shares pledged by the Pledgor constitute of all such issued and outstanding capital stock of the respective Issuers;

(b) all the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable;

(c) the Pledgor is the record and beneficial owner of, and has good and marketable title to, the Pledged Stock, free of any and all Liens or options in favor of, or claims of, any other Person, except the Lien created by this Pledge Agreement; and

(d) upon delivery to the Agent of the stock certificates evidencing the Pledged Stock, the Lien granted pursuant to this Pledge Agreement will constitute a valid, perfected first priority Lien on the Collateral, enforceable as such against any Persons purporting to purchase any Collateral from the Pledgor.

5. Covenants. The Pledgor covenants and agrees with the Agent and the Banks that, from and after the date of this Pledge Agreement until the Obligations have been paid in full and the Commitments have been terminated:

(a) If the Pledgor shall, as a result of its ownership of the Pledged Stock, become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any shares of the Pledged Stock, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Agent and the Banks, hold the same in trust for the Agent and the Banks and deliver the same forthwith to the Agent in the exact form received, duly indorsed by the Pledgor to the Agent, if required, together with an undated stock power covering such certificate duly executed in blank by the Pledgor and with, if the Agent so requests, signature guaranteed, to be held by the Agent, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the Pledged Stock upon the liquidation or dissolution of any Issuer shall be paid over to the Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Stock or any property shall be distributed upon or with respect to the Pledged Stock pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Agent to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Stock shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Agent, hold such money or property in trust for the Agent and the Banks, segregated from other funds of the Pledgor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Agent, the Pledgor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other

equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of such Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral or (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the Lien provided for by this Pledge Agreement. The Pledgor will defend the right, title and interest of the Agent and the Banks in and to the Collateral against the claims and demands of all Persons whomsoever.

(c) At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Pledgor, the Pledgor will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Pledge Agreement and of the rights and powers herein granted. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper shall be immediately delivered to the Agent, duly endorsed in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Pledge Agreement.

(d) The Pledgor agrees to pay, and to save the Agent and the Banks harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Pledge Agreement.

6. Cash Dividends; Voting Rights. Unless an Event of Default shall have occurred and be continuing and the Agent shall have given notice to the Pledgor of the Agent's intent to exercise its corresponding rights pursuant to Section 7 below, the Pledgor shall be permitted to receive all cash dividends paid in the normal course of business of each Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, in respect of the Pledged Stock and to exercise all voting and corporate rights with respect to the Pledged Stock; provided, however, that no vote shall be cast or corporate right exercised or other action taken which would reasonably be expected to (a) impair the Collateral or (b) be inconsistent with or result in any violation of any provision of the Credit Agreement or any other Loan Document.

7. Rights of the Banks and the Agent. (a) If an Event of Default shall occur and be continuing (i) the Agent shall have the right to receive any and all cash dividends paid in respect of the Pledged Stock and make application thereof to the Obligations in such order as the Agent may determine and (ii) all shares of the Pledged Stock shall be registered in the name of the Agent or its nominee, and the Agent or its nominee may thereafter exercise (A) all voting, corporate and other rights pertaining to such shares of the Pledged Stock at any meeting of shareholders of any Issuer or otherwise and (B) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to such shares of the Pledged Stock as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Stock upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by the Pledgor or the Agent of any right, privilege or option pertaining to such shares of the Pledged Stock, and in connection therewith, the right to deposit and deliver any and all of the Pledged Stock with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but the Agent shall have no duty to the Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) The rights of the Agent and the Banks hereunder shall not be conditioned or contingent upon the pursuit by the Agent or any Bank of any right or remedy against any Issuer or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral security therefor, guarantee therefor or right of offset with respect thereto. Neither the Agent nor any Bank shall be liable for any failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, nor shall the Agent be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof.

8. Remedies. If an Event of Default shall occur and be continuing, the Agent, on behalf of the Banks, may exercise, in addition to all other rights and remedies granted in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor, any Issuer or any other Person (all and each of which demands, defenses, advertisements and

notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give an option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, in the over-the-counter market, at any exchange or broker's board or office of the Agent or any Bank or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Agent or any Bank shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Pledgor, which right or equity is hereby waived or released. The Agent shall apply any Proceeds from time to time held by it and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred in respect thereof or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Agent and the Banks hereunder, including, without limitation, attorneys' fees and disbursements of counsel to the Agent, to the payment in whole or in part of the Obligations, in such order as the Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Agent account for the surplus, if any, to the Pledgor. To the extent permitted by applicable law, the Pledgor waives all claims, damages and demands it may acquire against the Agent or any Bank arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten days before such sale or other disposition. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Agent or any Bank to collect such deficiency.

9. Registration Rights; Private Sales. (a) If the Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 8 hereof, and if in the reasonable opinion of the Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Pledgor will cause the relevant Issuer(s) to (i) execute and deliver, and cause the directors and officers of the relevant Issuer(s) to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the

Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. The Pledgor agrees to cause each Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) The Pledgor recognizes that the Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the applicable Issuer to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) The Pledgor further agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 9 valid and binding and in compliance with any and all other applicable Requirements of Law. The Pledgor further agrees that a breach of any of the covenants contained in this Section 9 will cause irreparable injury to the Agent and the Banks, that the Agent and the Banks have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 9 shall be specifically enforceable against the Pledgor, and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

10. Irrevocable Authorization and Instruction to Issuers. The Pledgor hereby authorizes and instructs each Issuer to comply with any instruction received by it from the Agent in writing that (a) states that an Event of Default has occurred and (b) is otherwise in accordance with the terms of this Pledge Agreement, without any other or further instructions from the Pledgor, and the Pledgor agrees that each Issuer shall be fully protected in so complying.

11. Agent's Appointment as Attorney-in-Fact. (a) The Pledgor hereby irrevocably constitutes and appoints the Agent and any officer or agent of the Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor or in the Agent's own name, from time to time (provided an Event of Default has occurred and is continuing) in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Pledge Agreement, including, without limitation, any financing statements, endorsements, assignments or other instruments of transfer.

(b) The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done pursuant to the power of attorney granted in paragraph 11(a). All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

12. Limitation on Duties Regarding Collateral. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar securities and property for its own account. Neither the Agent, any Bank nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any collateral upon the request of the Pledgor or otherwise.

13. Execution of Financing Statements. Pursuant to Section 9-402 of the Code, the Pledgor authorizes the Agent to file financing statements with respect to the Collateral without the signature of the Pledgor in such form and in such filing offices as the Agent reasonably determines appropriate to perfect the security interests of the Agent under this Pledge Agreement. A carbon, photographic or other reproduction of this Pledge Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

14. Authority of Agent. The Pledgor acknowledges that the rights and responsibilities of the Agent under this Pledge Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Pledge Agreement shall, as between the Agent and the Banks, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Pledgor, the Agent shall be conclusively presumed to be acting as agent for the Banks with full and valid authority so to act or refrain from acting, and neither the Pledgor nor any Issuer shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

15. Notices. All notices, requests and demands to or upon the Agent, any Bank or the Pledgor to be effective shall be in writing (or by telegraph or telecopy confirmed in writing) and shall be deemed to have been duly given or made (a) when delivered by hand or (b) if given by mail, five days after being deposited in the mails by certified mail, return receipt requested or (c) if by telegraph or telecopy, when sent and receipt has been confirmed, addressed at its address or transmission number for notices provided in subsection 11.2 of the Credit Agreement. The Agent, each Bank and the Pledgor may change its address and transmission numbers for notices by notice in the manner provided in this Section.

16. Severability. Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. Section Headings. The Section headings used in this Pledge Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Amendments in Writing; No Waiver; Pledge Cumulative Remedies. (a) None of the terms or provisions of this Pledge Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Pledgor and the Agent in accordance with subsection 11.1 of the Credit Agreement, provided that any provision of this Pledge Agreement may be waived by the Agent and the Banks in a letter or agreement executed by the Agent or by telecopy from the Agent.

(b) Neither the Agent nor any Bank shall by any act (except by a written instrument pursuant to paragraph 18(a)

hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent or such Bank would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

19. Successors and Assigns. This Pledge Agreement shall be binding upon the successors and assigns of the Pledgor and shall inure to the benefit of the Agent and the Banks and their successors and assigns.

20. GOVERNING LAW. THIS PLEDGE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

21. Counterparts. This Pledge Agreement may be executed by one or more of the parties to this Pledge Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the counterparts of this Pledge Agreement signed by all parties hereto shall be lodged with the Agent.

IN WITNESS WHEREOF, each of the undersigned has caused this Pledge Agreement to be duly executed and delivered as of the date first above written.

LEAR SEATING CORPORATION

By:_____
Title:

CHEMICAL BANK, as Agent

By:_____
Title:

ACKNOWLEDGEMENT AND CONSENT

Each of the undersigned Issuers referred to in the foregoing Pledge Agreement hereby acknowledges receipt of a copy thereof and agrees to be bound thereby and to comply with the terms thereof insofar as such terms are applicable to it. Each of the undersigned agrees to notify the Agent promptly in writing of the occurrence of any of the events described in paragraph 5(a) of the Pledge Agreement. The undersigned further agrees that the terms of paragraph 9(c) of the Pledge Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it under or pursuant to or arising out of Section 9 of the Pledge Agreement.

PROGRESS PATTERN CORP.

By:_____
Title:

LEAR PLASTICS CORP.

By:_____
Title:

LS ACQUISITION CORPORATION NO. 24

By:_____
Title:

LS ACQUISITION CORP. NO. 14

By:_____
Title:

LEAR SEATING HOLDINGS CORP. NO. 50

By:_____
Title:

LEAR SEATING SWEDEN AB

By:_____
Title:

SCHEDULE I

DESCRIPTION OF PLEDGED STOCK

Issuer	Class of Stock	Stock Certificate No.	No. of Shares	Pct. of Shares
Progress Pattern Corp.	Common	2	100	100%
Lear Plastics Corp.	Common	2	100	100%
LS Acquisition Corporation No. 24	Common	1	100	100%
LS Acquisition Corp. No. 14	Common	3	100	100%
Lear Seating Holdings Corp. No. 50	Common	3	100	100%
Lear Seating Sweden AB	Common	10501-30000	19,500	65%

EXHIBIT E

FORM OF
SECOND AMENDED AND RESTATED
FAIR HAVEN PLEDGE AGREEMENT

SECOND AMENDED AND RESTATED FAIR HAVEN PLEDGE AGREEMENT, dated as of November 29, 1994, made by LS ACQUISITION CORPORATION NO. 24, a Delaware corporation (the "Pledgor"), in favor of CHEMICAL BANK, as administrative agent (in such capacity, the "Agent") for the financial institutions (the "Banks") parties to the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, Lear Seating Corporation (f/k/a Lear Siegler Seating Corp., as successor by merger to LSS Acquisition Corporation) (the "Borrower"), certain of the Banks and the Agent were parties to the Credit Agreement, dated as of September 29, 1988 (as amended, supplemented or otherwise modified from time to time, the "Original Credit Agreement");

WHEREAS, pursuant to the Original Credit Agreement, the Pledgor executed and delivered to the Agent the Pledge Agreement, dated as of September 13, 1990 (as amended, supplemented or otherwise modified from time to time, the "Original Fair Haven Pledge Agreement");

WHEREAS, the Borrower requested the Banks to amend and restate the Original Credit Agreement on the terms of the Amended and Restated Credit Agreement, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Credit Agreement"), among Borrower, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Amended and Restated Credit Agreement, the Pledgor executed and delivered to the Agent the Pledge Agreement, dated as of October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Fair Haven Pledge Agreement");

WHEREAS, the Borrower has requested the Banks to amend and restate the Amended and Restated Credit Agreement on the terms of the Second Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Borrower, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), the Banks

have agreed to make certain Loans (as defined in the Credit Agreement) to or for the benefit of the Borrower and, in the case of the Issuing Bank (as defined in the Credit Agreement), issue and, in the case of the Participating Banks (as defined in the Credit Agreement), participate in certain Letters of Credit (as defined in the Credit Agreement) for the account of the Borrower; and

WHEREAS, it is a condition precedent to the obligation of the Banks to make the Loans and to issue or participate in the Letters of Credit under the Credit Agreement that the Pledgor shall have executed and delivered this Second Amended and Restated Holdings Pledge Agreement to the Agent for the ratable benefit of the Banks;

NOW, THEREFORE, in consideration of the premises contained herein and to induce the Agent, the Managing Agents and the Banks to enter into the Credit Agreement and to induce the Banks to make the Loans and to issue and participate in the Letters of Credit under the Credit Agreement, the Pledgor hereby agrees with the Agent, for the ratable benefit of the Banks, that the Amended and Restated Fair Haven Pledge Agreement shall be amended and restated in its entirety as follows:

1. Defined Terms. (a) Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

"Code" means the Uniform Commercial Code from time to time in effect in the State of New York.

"Collateral" means the Pledged Stock and all Proceeds.

"Guarantee" means the Second Amended and Restated Subsidiary Guarantee, dated as of the date hereof, made by the Pledgor in favor of the Agent, as amended, supplemented or otherwise modified from time to time.

"Issuers" means the collective reference to the companies identified on Schedule I as the issuers of the Pledged Stock; individually, each an Issuer".

"Obligations" means all obligations and liabilities of the Pledgor under the Guarantee, subject to any limitations contained therein.

"Pledge Agreement" means this Second Amended and Restated Fair Haven Pledge Agreement, as amended, supplemented or otherwise modified from time to time.

"Pledged Stock" means the shares of capital stock listed on Schedule I, together with all stock certificates, options, warrants or rights of any nature whatsoever that may be issued or granted by any Issuer to the Pledgor in respect of the Pledged Stock while this Pledge Agreement is in effect.

"Proceeds" means all "proceeds" as such term is defined in Section 9-306(1) of the Code in effect in the State of New York on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Pledged Stock, collections thereon and distributions with respect thereto.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Pledge Agreement shall refer to this Pledge Agreement as a whole and not to any particular provision of this Pledge Agreement, and Section, paragraph and Schedule references are to this Pledge Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Pledge; Grant of Security Interest. The Pledgor hereby delivers to the Agent, for the ratable benefit of the Banks, all the Pledged Stock and hereby grants to Agent, for the ratable benefit of the Banks, a first security interest in the Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

3. Stock Powers. Concurrently with the delivery to the Agent of each certificate representing one or more shares of Pledged Stock to the Agent, the Pledgor shall deliver an undated stock power covering such certificate, duly executed in blank by the Pledgor with, if the Agent so requests, signature guaranteed.

4. Representations and Warranties. The Pledgor represents and warrants that:

(a) the shares of Pledged Stock constitute all the issued and outstanding shares of all classes of the capital stock of each Issuer owned by the Pledgor, and the percentage of shares listed on Schedule I accurately sets forth the respective percentage which such shares pledged by the Pledgor constitute of all such issued and outstanding capital stock of the respective Issuers;

(b) all the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable;

(c) the Pledgor is the record and beneficial owner of, and has good and marketable title to, the Pledged Stock, free of any and all Liens or options in favor of, or claims of, any other Person, except the Lien created by this Pledge Agreement; and

(d) upon delivery to the Agent of the stock certificates evidencing the Pledged Stock, the Lien granted pursuant to this Pledge Agreement will constitute a valid, perfected first priority Lien on the Collateral, enforceable as such against any Persons purporting to purchase any Collateral from the Pledgor.

5. Covenants. The Pledgor covenants and agrees with the Agent and the Banks that, from and after the date of this Pledge Agreement until the Obligations have been paid in full and the Commitments have been terminated:

(a) If the Pledgor shall, as a result of its ownership of the Pledged Stock, become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any shares of the Pledged Stock, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Agent and the Banks, hold the same in trust for the Agent and the Banks and deliver the same forthwith to the Agent in the exact form received, duly indorsed by the Pledgor to the Agent, if required, together with an undated stock power covering such certificate duly executed in blank by the Pledgor and with, if the Agent so requests, signature guaranteed, to be held by the Agent, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the Pledged Stock upon the liquidation or dissolution of any Issuer shall be paid over to the Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Stock or any property shall be distributed upon or with respect to the Pledged Stock pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Agent to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Stock shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Agent, hold such money or property in trust for the Agent and the Banks, segregated from other

funds of the Pledgor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Agent, the Pledgor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of such Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral or (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the Lien provided for by this Pledge Agreement. The Pledgor will defend the right, title and interest of the Agent and the Banks in and to the Collateral against the claims and demands of all Persons whomsoever.

(c) At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Pledgor, the Pledgor will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Pledge Agreement and of the rights and powers herein granted. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper shall be immediately delivered to the Agent, duly endorsed in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Pledge Agreement.

(d) The Pledgor agrees to pay, and to save the Agent and the Banks harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Pledge Agreement.

6. Cash Dividends; Voting Rights. Unless an Event of Default shall have occurred and be continuing and the Agent shall have given notice to the Pledgor of the Agent's intent to exercise its corresponding rights pursuant to Section 7 below, the Pledgor shall be permitted to receive all cash dividends paid in the normal course of business of each Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, in respect of the Pledged Stock and to exercise all voting and corporate rights with respect to the Pledged Stock; provided, however, that no vote shall be cast or corporate right exercised or other action taken which would reasonably be

expected to (a) impair the Collateral or (b) be inconsistent with or result in any violation of any provision of the Credit Agreement or any other Loan Document.

7. Rights of the Banks and the Agent. (a) If an Event of Default shall occur and be continuing (i) the Agent shall have the right to receive any and all cash dividends paid in respect of the Pledged Stock and make application thereof to the Obligations in such order as the Agent may determine and (ii) all shares of the Pledged Stock shall be registered in the name of the Agent or its nominee, and the Agent or its nominee may thereafter exercise (A) all voting, corporate and other rights pertaining to such shares of the Pledged Stock at any meeting of shareholders of any Issuer or otherwise and (B) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to such shares of the Pledged Stock as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Stock upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by the Pledgor or the Agent of any right, privilege or option pertaining to such shares of the Pledged Stock, and in connection therewith, the right to deposit and deliver any and all of the Pledged Stock with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but the Agent shall have no duty to the Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) The rights of the Agent and the Banks hereunder shall not be conditioned or contingent upon the pursuit by the Agent or any Bank of any right or remedy against any Issuer or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral security therefor, guarantee therefor or right of offset with respect thereto. Neither the Agent nor any Bank shall be liable for any failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, nor shall the Agent be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof.

8. Remedies. If an Event of Default shall occur and be continuing, the Agent, on behalf of the Banks, may exercise, in addition to all other rights and remedies granted in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement

or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor, any Issuer or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give an option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, in the over-the-counter market, at any exchange or broker's board or office of the Agent or any Bank or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Agent or any Bank shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Pledgor, which right or equity is hereby waived or released. The Agent shall apply any Proceeds from time to time held by it and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred in respect thereof or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Agent and the Banks hereunder, including, without limitation, attorneys' fees and disbursements of counsel to the Agent, to the payment in whole or in part of the Obligations, in such order as the Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Agent account for the surplus, if any, to the Pledgor. To the extent permitted by applicable law, the Pledgor waives all claims, damages and demands it may acquire against the Agent or any Bank arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten days before such sale or other disposition. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Agent or any Bank to collect such deficiency.

9. Registration Rights; Private Sales. (a) If the Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 8 hereof, and if in the reasonable opinion of the Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Pledgor will cause the relevant Issuer(s) to (i) execute and deliver, and cause the directors and officers of the relevant Issuer(s) to execute and

deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. The Pledgor agrees to cause each Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) The Pledgor recognizes that the Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the applicable Issuer to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) The Pledgor further agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 9 valid and binding and in compliance with any and all other applicable Requirements of Law. The Pledgor further agrees that a breach of any of the covenants contained in this Section 9 will cause irreparable injury to the Agent and the Banks, that the Agent and the Banks have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 9 shall be specifically enforceable against the Pledgor, and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such

covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

10. Irrevocable Authorization and Instruction to Issuers. The Pledgor hereby authorizes and instructs each Issuer to comply with any instruction received by it from the Agent in writing that (a) states that an Event of Default has occurred and (b) is otherwise in accordance with the terms of this Pledge Agreement, without any other or further instructions from the Pledgor, and the Pledgor agrees that each Issuer shall be fully protected in so complying.

11. Agent's Appointment as Attorney-in-Fact. (a) The Pledgor hereby irrevocably constitutes and appoints the Agent and any officer or agent of the Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor or in the Agent's own name, from time to time (provided an Event of Default has occurred and is continuing) in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Pledge Agreement, including, without limitation, any financing statements, endorsements, assignments or other instruments of transfer.

(b) The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done pursuant to the power of attorney granted in paragraph 11(a). All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

12. Limitation on Duties Regarding Collateral. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar securities and property for its own account. Neither the Agent, any Bank nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any collateral upon the request of the Pledgor or otherwise.

13. Execution of Financing Statements. Pursuant to Section 9-402 of the Code, the Pledgor authorizes the Agent to file financing statements with respect to the Collateral without the signature of the Pledgor in such form and in such filing offices as the Agent reasonably determines appropriate to perfect the security interests of the Agent under this Pledge Agreement. A carbon, photographic or other reproduction of this Pledge

Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

14. Authority of Agent. The Pledgor acknowledges that the rights and responsibilities of the Agent under this Pledge Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Pledge Agreement shall, as between the Agent and the Banks, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Pledgor, the Agent shall be conclusively presumed to be acting as agent for the Banks with full and valid authority so to act or refrain from acting, and neither the Pledgor nor any Issuer shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

15. Notices. All notices, requests and demands to or upon the Agent, any Bank or the Pledgor to be effective shall be in writing (or by telegraph or telecopy confirmed in writing) and shall be deemed to have been duly given or made (a) when delivered by hand or (b) if given by mail, five days after being deposited in the mails by certified mail, return receipt requested or (c) if by telegraph or telecopy, when sent and receipt has been confirmed, addressed at its address or transmission number for notices provided in subsection 11.2 of the Credit Agreement. The Agent, each Bank and the Pledgor may change its address and transmission numbers for notices by notice in the manner provided in this Section.

16. Severability. Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. Section Headings. The Section headings used in this Pledge Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Amendments in Writing; No Waiver; Pledge Cumulative Remedies. (a) None of the terms or provisions of this Pledge Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Pledgor and the Agent in accordance with subsection 11.1 of the Credit Agreement, provided that any provision of this Pledge Agreement may be waived by the Agent and the Banks in a letter or agreement executed by the Agent or by telecopy from the Agent.

(b) Neither the Agent nor any Bank shall by any act (except by a written instrument pursuant to paragraph 18(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent or such Bank would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

19. Successors and Assigns. This Pledge Agreement shall be binding upon the successors and assigns of the Pledgor and shall inure to the benefit of the Agent and the Banks and their successors and assigns.

20. GOVERNING LAW. THIS PLEDGE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

21. Counterparts. This Pledge Agreement may be executed by one or more of the parties to this Pledge Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the counterparts of this Pledge Agreement signed by all the parties hereto shall be lodged with the Agent.

IN WITNESS WHEREOF, each of the undersigned has caused this Pledge Agreement to be duly executed and delivered as of the date first above written.

LS ACQUISITION CORPORATION NO. 24

By:_____
Title:

CHEMICAL BANK, as Agent

By:_____
Title:

ACKNOWLEDGEMENT AND CONSENT

Each of the undersigned Issuers referred to in the foregoing Pledge Agreement hereby acknowledges receipt of a copy thereof and agrees to be bound thereby and to comply with the terms thereof insofar as such terms are applicable to it. Each of the undersigned agrees to notify the Agent promptly in writing of the occurrence of any of the events described in paragraph 5(a) of the Pledge Agreement. The undersigned further agrees that the terms of paragraph 9(c) of the Pledge Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it under or pursuant to or arising out of Section 9 of the Pledge Agreement.

FAIR HAVEN INDUSTRIES, INC.

By:_____
Title:

SCHEDULE I

DESCRIPTION OF PLEDGED STOCK

Issuer	Class of Stock	Stock Certificate No.	No. of Shares	Pct. of Shares
Fair Haven Industries, Inc.	Common	21	19,600	100%

EXHIBIT F

FORM OF
SECOND AMENDED AND RESTATED
SECURITY AGREEMENT

SECOND AMENDED AND RESTATED SECURITY AGREEMENT, dated as of November 29, 1994, made by each of the corporations that are signatories hereto other than Chemical Bank (the "Grantors"), in favor of CHEMICAL BANK, as administrative agent (in such capacity, the "Agent") for the financial institutions (the "Banks") parties to the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, Lear Holdings Corporation (f/k/a LSS Holdings Corporation) ("Holdings"), Lear Seating Corporation (f/k/a Lear Siegler Seating Corp., as successor by merger to LSS Acquisition Corporation) (the "Borrower"), certain of the Banks and the Agent were parties to the Credit Agreement, dated as of September 29, 1988 (as amended, supplemented or otherwise modified from time to time, the "Original Credit Agreement");

WHEREAS, pursuant to the Original Credit Agreement, certain of the Grantors executed and delivered to the Agent the Security Agreements, dated as of September 29, 1988 in the case of the Borrower, Lear Plastics Corporation, Progress Pattern Corp. and LS Acquisition Corp. No. 14, and dated as of September 13, 1990 in the case of Fair Haven Industries, Inc. (collectively, as amended, supplemented or otherwise modified from time to time, the "Original Security Agreements");

WHEREAS, the Borrower requested the Banks to amend and restate the Original Credit Agreement on the terms of the Amended and Restated Credit Agreement, dated October 25, 1993 (as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Credit Agreement"), among the Borrower, the Banks, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Amended and Restated Credit Agreement the Grantors executed and delivered to the Agent the Amended and Restated Security Agreement, dated as of October 25, 1993, as amended, supplemented or otherwise modified from time to time, the "Amended and Restated Security Agreement");

WHEREAS, the Borrower has requested the Banks to amend and restate the Amended and Restated Credit Agreement on the terms of the Second Amended and Restated Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Banks, the Agent, and Bankers Trust Company, The

Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents;

WHEREAS, pursuant to the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), the Banks have agreed to make certain Loans (as defined in the Credit Agreement) to or for the benefit of the Borrower and, in the case of the Issuing Bank (as defined in the Credit Agreement), issue and, in the case of the Participating Banks (as defined in the Credit Agreement), participate in certain Letters of Credit (as defined in the Credit Agreement); and

WHEREAS, it is a condition precedent to the obligation of the Banks to make the Loans and to issue or participate in the Letters of Credit under the Credit Agreement that the Grantors shall have executed and delivered this Second Amended and Restated Security Agreement to the Agent for the ratable benefit of the Banks;

NOW, THEREFORE, in consideration of the premises contained herein and to induce the Agent, the Managing Agents and the Banks to enter into the Credit Agreement and to induce the Banks to make the Loans and to issue and participate in the Letters of Credit under the Credit Agreement, the Grantors hereby agree with the Agent, for the ratable benefit of the Banks, that the Amended and Restated Security Agreement shall be amended and restated in its entirety as follows:

1. Defined Terms. (a) Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement; the following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, Farm Products, General Intangibles, Instruments, Inventory and Proceeds; and the following terms shall have the following meanings:

"Code" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Contracts" shall mean each of the agreements listed on Schedules I-A through G, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights for each Grantor to receive monies due and to become due to it thereunder or in connection therewith, (b) all rights of each Grantor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of each Grantor to perform and to exercise all remedies thereunder.

"Equipment" shall mean all equipment, as such term is defined in Section 9-109(2) of the Code, now or hereafter acquired by each Grantor, and, in any event, shall mean and include, but shall not be limited to, all machinery, equipment, furnishings and fixtures now or hereafter used in connection with the businesses of each Grantor or located at the locations set forth on Schedules IV-A through G, and any and all additions, substitutions and replacements of any of the foregoing, together with all attachments, components, parts (including spare parts), equipment and accessories installed thereon or affixed thereto.

"Obligations" shall mean (a) with respect to the Borrower, the "Obligations" (as such term is defined in the Credit Agreement), and (b) with respect to LS Acquisition Corp. No. 14, Lear Seating Holdings Corp. No. 50, Progress Pattern Corp., Lear Plastics Corp., LS Acquisition Corp. No. 24 and Fair Haven Industries, Inc., all obligations and liabilities of such Grantors under the Subsidiary Guarantee, subject to any limitations contained therein.

"Security Agreement" shall mean this Second Amended and Restated Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Subsidiary Guarantee" shall mean the Second Amended and Restated Subsidiary Guarantee, dated as of the date hereof, made by LS Acquisition Corp. No. 14, Lear Seating Holdings Corp. No. 50, Progress Pattern Corp., Lear Plastics Corporation, LS Acquisition Corp. No. 24 and Fair Haven Industries, Inc. in favor of the Agent, for the ratable benefit of the Banks, as the same may be amended, supplemented or otherwise modified from time to time.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Agreement shall refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement, and Section, paragraph and Schedule references are to this Security Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations and in order to induce the Agent and the Banks to enter into the Credit Agreement, each Grantor hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to the Agent, and hereby grants to the Agent, for the ratable benefit of the Banks, a security interest in all of the following

property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

(i) all Accounts;

(ii) all Chattel Papers;

(iii) all Contracts;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles;

(vii) all Instruments;

(viii) all Inventory; and

(ix) to the extent not otherwise included, all Proceeds, products, substitutions and replacements of any and all of the foregoing.

3. Rights of Agent and Banks; Limitations on Agent's and Banks' Obligations. (a) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of its respective Accounts and the Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of the Contracts. Neither the Agent nor any Bank shall have any obligation or liability under any Account (or any agreement giving rise thereto) or under the Contracts by reason of or arising out of this Security Agreement or the receipt by the Agent or any such Bank of any payment relating to such Account or the Contracts pursuant hereto, nor shall the Agent or any Bank be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Account (or any agreement giving rise thereto), or under or pursuant to the Contracts, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under the Contracts, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) At the Agent's request, each Grantor shall deliver to the Agent all original and other documents evidencing, and relating to, the sale and delivery of Inventory or the

performance of labor or service which created the Accounts, including, but not limited to, all Chattel Paper, original purchase orders, invoices, shipping documents and delivery receipts and duplicate copies of credit memoranda.

(c) The Agent may at any time after the occurrence and during the continuance of an Event of Default notify account debtors and parties to Accounts that the Accounts have been assigned to the Agent, for the ratable benefit of the Banks, and that payments shall be made directly to the Agent. Upon the request of the Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor will so notify such account debtors and such parties to the Accounts. Upon prior notice to the Grantors, the Agent may in its own name or in the name of others communicate with account debtors and parties to Accounts in order to verify with them to the Agent's satisfaction the existence, amount and terms of any Accounts.

(d) Upon prior notice to the Grantors, the Agent shall have the right to make test verifications of the Collateral in any matter and through any medium that it considers advisable, and the Grantor agrees to furnish all such assistance and information as the Agent may require in connection therewith. Each Grantor at its expense will furnish, or will cause independent public accountants satisfactory to the Agent to furnish, to the Agent at any time and from time to time promptly upon the Agent's request, the following reports: (i) reconciliation of all Collateral, (ii) an aging of all Collateral, (iii) trial balances, (iv) a test verification of such Collateral and (v) a physical inventory of the Collateral by certified accountants reasonably satisfactory to the Agent.

4. Representations and Warranties. Each Grantor hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Agent for the ratable benefit of the Banks pursuant to this Security Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others other than Liens permitted under subsection 8.3 of the Credit Agreement. No security agreement, financing statement or other public notice with respect to all or any part of such Collateral is on file or of record in any public office, except (i) such as may have been filed in favor of the Agent, for the ratable benefit of the Banks, pursuant to this Security Agreement, (ii) financing statements filed with respect to equipment leases or (iii) as may otherwise be permitted pursuant to the Credit Agreement.

(b) Perfected First Priority Liens. Appropriate financing statements having been filed in the jurisdictions listed on Schedules II-A through G and all other appropriate

action having been duly taken, the Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the Agent, for the ratable benefit of the Banks, which are prior to all other Liens on such Collateral created by such Grantor other than Liens permitted under subsection 8.3 of the Credit Agreement and which are enforceable as such against all creditors of and purchasers from such Grantor and against any owner or purchaser of the real property where any of the Equipment or Inventory is located and any present or future creditor obtaining a Lien on such real property.

(c) Accounts. The amount represented by such Grantor to the Banks from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder. No amount in excess of $10,000 payable to such Grantor under or in connection with any of the Accounts is evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent. The place where such Grantor keeps its records concerning the Accounts is set forth on Schedule III-A through G.

(d) Consents. Except as previously disclosed to the Banks in writing: (i) no consent of any party (other than such Grantor) to each Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Security Agreement by such Grantor; (ii) each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally; (iii) no consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any Contract by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any Contract to any material adverse limitation, either specific or general in nature; (iv) neither such Grantor nor (to the best of such Grantor's knowledge) any other party to any Contract is in default or is likely to become in default in the performance or observance of any of the terms thereof; (v) such Grantor has fully performed all its obligations under each Contract; (vi) the right, title and interest of such Grantor in, to and under each Contract is not subject to any defense, offset, counterclaim or claim which could materially adversely affect the value of such Contract as Collateral, nor have any of the foregoing been asserted or alleged against such Grantor as to each Contract; (vii) such Grantor

has delivered to the Agent a complete and correct copy of each Contract, including all amendments, supplements and other modifications thereto; and (viii) no amount payable to such Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent.

(e) Inventory and Equipment. The Inventory and the Equipment are kept only at the locations listed on Schedules IV-A through G.

(f) Chief Executive Office. Such Grantor's chief executive office and chief place of business is located at the address listed on Schedules V-A through G.

(g) Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

5. Covenants. Each Grantor covenants and agrees with the Agent and the Banks that, from and after the date of this Security Agreement until the Obligations have been paid in full:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the reasonable request of any Bank, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver such further instruments and documents and take such further action as such Bank may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens created hereby. Such Grantor also hereby authorizes the Agent to file any such financing or continuation statement without the signature of such Grantor to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

(b) Pledge of Instruments and Chattel Paper. If any amount in excess of $10,000 payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Agent, duly endorsed by such Grantor in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Security Agreement.

(c) Indemnification. Such Grantor agrees to pay, and to save the Agent and the Banks harmless from, any and all liabilities, costs and expenses (including, without

limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Agent or any Bank under any of the Accounts for any sum owing thereunder, or to enforce any provisions of any such Account, such Grantor will save, indemnify and keep the Agent and such Bank harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from such Grantor.

(d) Maintenance of Records. Such Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. Such Grantor will mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. For the Agent's and the Banks' further security, the Agent, for the ratable benefit of the Banks, shall have a security interest in all of such Grantor's books and records pertaining to the Collateral, and, subject to subsection 11.10 of the Credit Agreement, such Grantor shall turn over any such books and records to the Agent or to its representatives during normal business hours at the request of the Agent.

(e) Right of Inspection. The Agent and the Banks shall at all times have full and free access during normal business hours to all the books, correspondence and records of such Grantor, and the Agent and the Banks and their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Grantor agrees to render to the Agent and the Banks, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and the Banks and their respective representatives shall, upon reasonable notice and at any reasonable time, also have the right to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

(f) Compliance with Laws, etc. Such Grantor will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of such Grantor's business; provided that such Grantor may contest any Requirement of Law in any reasonable manner which shall not, in the sole opinion of the Agent, adversely affect the Agent's or the Banks' rights or the priority of their Liens on the Collateral.

(g) Compliance with Terms of Contracts, etc. Such Grantor will perform and comply in all material respects with all its obligations under the Contracts and all its other Contractual Obligations relating to the Collateral.

(h) Payment of Obligations. Such Grantor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to such Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, and such charge is adequately reserved against on such Grantor's books in accordance with GAAP, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of any of such Collateral or any interest therein.

(i) Limitations on Liens on Collateral. Such Grantor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to such Collateral, other than the Liens created hereby or Liens permitted under subsection 8.3 of the Credit Agreement, and will defend the right, title and interest of the Agent and the Banks in and to any of such Collateral against the claims and demands of all Persons whomsoever.

(j) Limitations on Dispositions of Collateral. Such Grantor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except for dispositions of assets permitted by subsection 8.6 of the Credit Agreement.

(k) Limitations on Modifications, Waivers, Extensions of the Contracts and Agreements Giving Rise to Accounts. Such Grantor will not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to any of the Accounts in any manner which could reasonably be expected to materially adversely affect the value of any such Contract or Account as Collateral, (ii) fail to exercise promptly and diligently each and every material right which it may have under each agreement giving rise to

the Accounts (other than any right of termination) or (iii) fail to deliver to the Agent a copy of each material demand, notice or document received by it relating in any way to any Contract or any agreement giving rise to an Account.

(l) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business as generally conducted by the Grantor over a period of time, such Grantor will not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(m) Maintenance of Equipment. Such Grantor will maintain each material item of the Equipment useful and necessary in its business in good operating condition, ordinary wear and tear and immaterial impairments of value and damage by the elements excepted, and will provide all maintenance, service and repairs necessary for such purpose.

(n) Maintenance of Insurance. Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory and Equipment against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Agent and (ii) insuring such Grantor, the Agent and the Banks against liability for personal injury and property damage relating to the Inventory and Equipment, such policies to be in the form and amounts and having such coverage as may be reasonably satisfactory to the Banks with losses payable to such Grantor and the Agent as their respective interests may appear. All such insurance shall (i) contain a breach of warranty clause in favor of the Agent, (ii) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Agent and the Banks of written notice thereof, (iii) name the Agent and the Banks as insured parties and (iv) be reasonably satisfactory in all other respects to the Agent. Such Grantor shall deliver to the Agent and the Banks a report of a reputable insurance broker with respect to such insurance as the Agent may from time to time reasonably request.

(o) Further Identification of Collateral. Upon the reasonable request of the Agent, such Grantor will furnish to the Agent and the Banks from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral, all in reasonable detail.

(p) Notices. Such Grantor will advise the Agent and the Banks promptly, in reasonable detail, at their respective addresses set forth in the Credit Agreement, (i) of any Lien (other than Liens created hereby or permitted under the Credit Agreement) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(q) Changes in Locations, Name, etc. Such Grantor will not (i) change the location of its chief executive office/chief place of business from that specified in paragraph 4(f) or remove its books and records from the location specified in paragraph 4(c), (ii) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedules IV-A through G or (iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Agent in connection with this Security Agreement could become seriously misleading.

6. Agent's Appointment as Attorney-in-Fact. (a) Powers. Each Grantor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do the following:

(i) upon the occurrence and during the continuance of any Event of Default, in the name of such Grantor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Accounts, Instruments, General Intangibles or any Contract or with respect to any other of the Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting any and all such moneys due under any such Account, Instrument or General Intangible or Contract or with respect to any other such Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect

any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Agent or as the Agent shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any such Collateral; (E) to defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; and (G) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's and the Banks' Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. Each Grantor also authorizes the Agent and the Banks, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Agent or Banks' Part. The powers conferred on the Agent and the Banks hereunder are solely to protect the Agent's and the Banks' interests in the Collateral and shall not impose any duty upon the Agent or any Bank to exercise any such powers. The Agent and the Banks shall be

accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Agent of Grantor's Obligations. If any Grantor fails to perform or comply with any of its agreements contained herein and the Agent, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum 2% above the ABR, shall be payable by such Grantor to the Agent on demand and shall constitute Obligations secured hereby.

8. Proceeds. If an Event of Default shall occur and be continuing:

(a) all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Agent and the Banks, segregated from other funds of the Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Agent, if required) and

(b) any and all such Proceeds received by the Agent (whether from any Grantor or otherwise) may, in the sole discretion of the Agent, be held by the Agent for the ratable benefit of the Banks as collateral security for, and/or then or at any time thereafter may be applied by the Agent against, the Obligations (whether matured or unmatured), such application to be in such order as the Agent shall elect. Any balance of such Proceeds remaining after the Obligations shall have been paid in full and the Commitments shall have been terminated shall be paid over to the Grantors or to whomsoever may be lawfully entitled to receive the same.

9. Remedies. If an Event of Default shall occur and be continuing, the Agent, on behalf of the Banks, may exercise, in addition to all other rights and remedies granted to them in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations or any Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Grantors or any other Person (all and each of which demands,

defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon any Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase, or otherwise dispose of and deliver any Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange or broker's board or office of the Agent or any Bank or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Agent and each Bank shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of any Collateral so sold, free of any right or equity of redemption in the Grantors, which right or equity is hereby waived or released. Each Grantor further agrees, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the Grantor's premises or elsewhere. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of such Collateral or in any way relating to such Collateral or the rights of the Agent and the Banks hereunder, including, without limitation, attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need the Agent account for the surplus, if any, to the Grantors. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Agent or any Bank arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten days before such sale or other disposition. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Agent or any Bank to collect such deficiency.

10. Limitation on Duties Regarding Preservation of Collateral. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. Neither the Agent, any Bank, nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay

in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or otherwise.

11. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

12. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Section Headings. The Section headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

14. No Waiver; Cumulative Remedies. Neither the Agent nor any Bank shall by any act (except by a written instrument pursuant to Section 15 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent or such Bank would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

15. Waivers and Amendments; Successors and Assigns; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each Grantor and the Required Banks; provided that any provision of this Security Agreement may be waived by the Agent in a written letter or agreement executed by the Agent or by telecopy from the Agent. This Security Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Agent and the Banks and their respective successors and assigns. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND

INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

16. Notices. All notices, requests and demands to or upon the Agent, any Bank or any Grantor to be effective shall be in writing (or by telegraph or telecopy confirmed in writing) and shall be deemed to have been duly given or made (a) when delivered by hand or (b) if given by mail, when deposited in the mails by certified mail, return receipt requested or (c) if by telegraph or telecopy, when sent and receipt has been confirmed, addressed at its address or transmission number for notices provided in subsection 11.2 of the Credit Agreement or Section 12 of the Subsidiary and Affiliate Guarantee. The Agent, each Bank and the Grantor may change its address and transmission numbers for notices by notice in the manner provided in this Section.

17. Authority of Agent. Each Grantor acknowledges that the rights and responsibilities of the Agent under this Security Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Agent and the Banks, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and each Grantor, the Agent shall be conclusively presumed to be acting as agent for the Banks with full and valid authority so to act or refrain from acting, and each Grantor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

18. Release of Liens. In the event that any Grantor conveys, sells, leases, assigns, transfers or otherwise disposes of any portion of the Collateral in accordance with subsection 8.6 of the Credit Agreement or grants a Lien with respect to any of the Collateral which Lien is permitted pursuant to subsection 8.3(m) of the Credit Agreement, and so long as no Default or Event of Default shall have occurred and be continuing, the Agent shall promptly take such action as may be reasonably requested by such Grantor to release, to the extent necessary, any Liens created by this Security Agreement in respect of such Collateral.

19. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the counterparts of this Security Agreement signed by all the parties hereto shall be lodged with the Agent.

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

LEAR SEATING CORPORATION

By:_____
Title:

LS ACQUISITION CORP. NO. 14

By:_____
Title:

LEAR SEATING HOLDINGS CORP. NO. 50

By:_____
Title:

PROGRESS PATTERN CORP.

By:_____
Title:

LEAR PLASTICS CORP.

By:_____
Title:

LS ACQUISITION CORPORATION NO. 24

By:_____
Title:

FAIR HAVEN INDUSTRIES, INC.

By:_____
Title:

CHEMICAL BANK, as Agent

By:_____
Title:

SCHEDULE I-A

LEAR SEATING CORPORATION
Contracts

None.

SCHEDULE I-B

LS ACQUISITION CORP. NO. 14
Contracts

None.

SCHEDULE I-C

LEAR SEATING HOLDINGS CORP. NO. 50
Contracts

None.

SCHEDULE I-D

PROGRESS PATTERN CORP.
Contracts

None.

SCHEDULE I-E

LEAR PLASTICS CORP.
Contracts

None.

SCHEDULE I-F

LS ACQUISITION CORPORATION. NO. 24
Contracts

None.

SCHEDULE I-G

FAIR HAVEN INDUSTRIES, INC.
Contracts

None.

SCHEDULE II-A

LEAR SEATING CORPORATION
Financing Statements Filed

	State		Location
1.	Kentucky	1.	Secretary of State
2.	Kentucky	2.	Jefferson County
3.	Michigan	3.	Secretary of State
4.	Michigan	4.	St. Joseph County
5.	Michigan	5.	Genesse County
6.	Michigan	6.	Oakland County
7.	Michigan	7.	Wayne County
8.	Tennessee	8.	Secretary of State
9.	Tennessee	9.	Hamblen County
10.	Ohio	10.	Secretary of State
11.	Ohio	11.	Lorain County
12.	Texas	12.	Secretary of State
13.	Texas	13.	El Paso County
14.	Wisconsin	14.	Secretary of State
15.	Wisconsin	15.	Rock County
16.	Indiana	16.	Secretary of State
17.	Indiana	17.	Lake County
18.	South Carolina	18.	Secretary of State
19.	South Carolina	19.	Spartanburg County
20.	Georgia	20.	Clayton County
21.	Missouri	21.	Secretary of State
22.	Missouri	22.	St. Louis County

SCHEDULE II-B

LS ACQUISITION CORP. NO. 14
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	Oakland County

SCHEDULE II-C

LEAR SEATING HOLDINGS CORP. NO. 50
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	Oakland County

SCHEDULE II-D

PROGRESS PATTERN CORP.
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	Oakland County

SCHEDULE II-E

LEAR PLASTICS CORP.
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	St. Joseph County

SCHEDULE II-F

LS ACQUISITION CORPORATION. NO. 24
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	Oakland County

SCHEDULE II-G

FAIR HAVEN INDUSTRIES, INC.
Financing Statements Filed

	State		Location
1.	Michigan	1.	Secretary of State
2.	Michigan	2.	St. Clair County

SCHEDULE III-A

LEAR SEATING CORPORATION
Location of Records Concerning Accounts

1. 21557 Telegraph Road
Southfield, Michigan 48034

2. 4600 Nancy Avenue
Detroit, Michigan 48212

3. 36300 Eureka Road
Romulus, Michigan 48174

4. 36310 Eureka Road
Romulus, Michigan 48174

5. 340 Fenway Drive
Fenton, Michigan 48430

6. 236 West Clark Street
Mendon, Michigan 49072

7. 325 Industrial Avenue
Morristown, Tennessee 37814

8. 5521 Jeffery Lane
Morristown, Tennessee 37814

9. 7425 Industrial Parkway
Building One
Lorain, Ohio 44053

10. 12600 Westport Road
Building One
Louisville, Kentucky 40245

11. 3708 Enterprise Drive
Janesville, Wisconsin 53545

12. 2060 Boorheit Avenue
Grand Rapids, Michigan 49504

13. 45 Corporate Woods Drive
Bridgeton, Missouri 63044

14. 1401 165th Street
Hammond, Indiana 46320

15. 200 Russell Street
Hammond, Indiana 46320
(temporary location)

16. 4100 Henry Ford II Avenue, S.W.
Atlanta, Georgia 30321
(temporary location)

17. 4361 International Boulevard
Hapeville, Georgia 30354

18. 1825 East Main Street
Duncan, South Carolina 29334

SCHEDULE III-B

LS ACQUISITION CORP. NO. 14
Location of Records Concerning Accounts

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE III-C

LEAR SEATING HOLDINGS CORP. NO. 50
Location of Records Concerning Accounts

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE III-D

PROGRESS PATTERN CORP.
Location of Records Concerning Accounts

21555 Telegraph Road
Southfield, Michigan 48034

SCHEDULE III-E

LEAR PLASTICS CORP.
Location of Records Concerning Accounts

236 West Clark Street
Mendon, Michigan 49072

SCHEDULE III-F

LS ACQUISITION CORPORATION. NO. 24
Location of Records Concerning Accounts

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE III-G

FAIR HAVEN INDUSTRIES, INC.
Location of Records Concerning Accounts

7455 Mayer Road
Fair Haven, Michigan 48023

SCHEDULE IV-A

LEAR SEATING CORPORATION
Location of Inventory and Equipment

1. 21557 Telegraph Road
Southfield, Michigan 48034

2. 4600 Nancy Avenue
Detroit, Michigan 48212

3. 36300 Eureka Road
Romulus, Michigan 48174

4. 36310 Eureka Road
Romulus, Michigan 48174

5. 340 Fenway Drive
Fenton, Michigan 48430

6. 236 West Clark Street
Mendon, Michigan 49072

7. 325 Industrial Avenue
Morristown, Tennessee 37814

8. 5521 Jeffery Lane
Morristown, Tennessee 37814

9. 7470 Industrial Parkway
Lorain, Ohio 44053

10. 12600 Westport Road
Building One
Louisville, Kentucky 40245

11. 3708 Enterprise Drive
Janesville, Wisconsin 53545

12. 2060 Boorheit Avenue
Grand Rapids, Michigan

13. 15 Leigh Fisher
Suite 400
El Paso, Texas 79006

14. 1401 165th Street
Hammond, Indiana 46320

15. 200 Russell Street
Hammond, Indiana 46320
(temporary location)

16. 4361 International Boulevard
Hapeville, Georgia 30354
(temporary location)

17. 4100 Henry Ford II Avenue, S.W.
Atlanta, Georgia 30321

18. 1725 East Main Street
Duncan, South Carolina 29334

19. 45 Corporate Woods Drive
Bridgeton, Missouri 63044

SCHEDULE IV-B

LS ACQUISITION CORP. NO. 14
Locations of Inventory and Equipment

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE IV-C

LEAR SEATING HOLDINGS CORP. NO. 50
Locations of Inventory and Equipment

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE IV-D

PROGRESS PATTERN CORP.
Locations of Inventory and Equipment

21555 Telegraph Road
Southfield, Michigan 48034

SCHEDULE IV-E

LEAR PLASTICS CORP.
Locations of Inventory and Equipment

236 West Clark Street
Mendon, Michigan 49072

SCHEDULE IV-F

LS ACQUISITION CORPORATION. NO. 24
Locations of Inventory and Equipment

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE IV-G

FAIR HAVEN INDUSTRIES, INC.
Locations of Inventory and Equipment

7445 Mayer Road
Fair Haven, Michigan 48023

SCHEDULE V-A

LEAR SEATING CORPORATION
Chief Executive Office

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE V-B

LS ACQUISITION CORP. NO. 14
Chief Executive Office

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE V-C

LEAR SEATING HOLDINGS CORP. NO. 50
Chief Executive Office

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE V-D

PROGRESS PATTERN CORP.
Chief Executive Office

21555 Telegraph Road
Southfield, Michigan 48034

SCHEDULE V-E

LEAR PLASTICS CORP.
Chief Executive Office

236 West Clark Street
Mendon, Michigan 49072

SCHEDULE V-F

LS ACQUISITION CORPORATION. NO. 24
Chief Executive Office

21557 Telegraph Road
Southfield, Michigan 48034

SCHEDULE V-G

FAIR HAVEN INDUSTRIES, INC.
Chief Executive Office

7445 Mayer Road
Fair Haven, Michigan 48023

EXHIBIT G

FORM OF
BORROWING CERTIFICATE

Pursuant to subsection 5.2(f) of the Second Amended and Restated Credit Agreement, dated as of November 29, 1994, among Lear Seating Corporation (the "Borrower"), the several financial institutions parties thereto, Chemical Bank, as Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Credit Agreement"), each of the undersigned hereby certifies as follows:

1. The representations and warranties made by the Borrower and each of its Subsidiaries in the Loan Documents are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof.

2. No Default or Event of Default has occurred and is continuing on the date hereof or after giving effect to the Loans requested to be made and the Letters of Credit requested to be issued on the date hereof.

3. Since the Closing Date, there has been no material adverse change in the business, operations, assets, financial or other condition of the Borrower and its Subsidiaries taken as a whole.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Credit Agreement.

LEAR SEATING CORPORATION

By:_____
Title:

Date: _____, 199_

EXHIBIT H

FORM OF
SWING LINE LOAN PARTICIPATION CERTIFICATE

_____, 199_

[Name of Bank]
[Address]

Dear Sirs:

Pursuant to subsection 2.4(d) of the Second Amended and Restated Credit Agreement, dated November 29, 1994 (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Credit Agreement) among LEAR SEATING CORPORATION, the several financial institutions parties thereto, CHEMICAL BANK, as Agent, and BANKERS TRUST COMPANY, THE BANK OF NOVA SCOTIA, CITICORP USA, INC. and LEHMAN COMMERCIAL PAPER INC., as Managing Agents, the undersigned hereby acknowledges receipt from you on the date hereof of _____ DOLLARS ($_____) as payment for a participating interest in the following Swing Line Loan:

Date of Swing Line Loan: _____

Principal Amount of Swing Line Loan: _____

Very truly yours,

CHEMICAL BANK

By:_____
Title:

EXHIBIT I

FORM OF
COMMITMENT TRANSFER SUPPLEMENT

COMMITMENT TRANSFER SUPPLEMENT, dated as of the date set forth in Item 1 of Schedule I hereto, among the Transferor Bank set forth in Item 2 of Schedule I hereto (the "Transferor Bank"), each Purchasing Bank set forth in Item 3 of Schedule I hereto (individually, a "Purchasing Bank"; collectively, the "Purchasing Banks"), and CHEMICAL BANK, as administrative agent for the Banks under the Credit Agreement described below (in such capacity, the "Agent").

W I T N E S S E T H :

WHEREAS, this Commitment Transfer Supplement is being executed and delivered in accordance with subsection 11.6(c) of the Second Amended and Restated Credit Agreement, dated as of November 29, 1994, among Lear Seating Corporation (the "Borrower"), the Transferor Bank and the other Banks parties thereto, the Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Credit Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Credit Agreement);

WHEREAS, each Purchasing Bank (if it is not already a Bank party to the Credit Agreement) wishes to become a Bank party to the Agreement; and

WHEREAS, the Transferor Bank is selling and assigning to each Purchasing Bank, rights, obligations and commitments under the Credit Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Upon receipt by the Agent of five counterparts of this Commitment Transfer Supplement, to each of which is attached a fully completed Schedule I and Schedule II, and each of which has been executed by the Transferor Bank, each Purchasing Bank (and any other person required by the Credit Agreement to execute this Commitment Transfer Supplement), the Agent will transmit to the Borrower, the Transferor Bank and each Purchasing Bank a Transfer Effective Notice, substantially in the form of Schedule III to this Commitment Transfer Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall set forth, inter alia, the date on which the transfer effected by this Commitment

Transfer Supplement shall become effective (the "Transfer Effective Date"), which date shall be the fifth Business Day following the date of such Transfer Effective Notice. From and after the Transfer Effective Date each Purchasing Bank shall be a Bank party to the Credit Agreement for all purposes thereof.

2. At or before 12:00 Noon, local time of the Transferor Bank, on the Transfer Effective Date, each Purchasing Bank shall pay to the Transferor Bank, in immediately available funds, an amount equal to the purchase price, as agreed between the Transferor Bank and such Purchasing Bank (the "Purchase Price"), of the portion being purchased by such Purchasing Bank (such Purchasing Bank's "Purchased Percentage") of the outstanding Loans and other amounts owing to the Transferor Bank under the Credit Agreement, the Notes and the Letters of Credit. Effective upon receipt by the Transferor Bank of the Purchase Price from a Purchasing Bank, the Transferor Bank hereby irrevocably sells, assigns and transfers to such Purchasing Bank, without recourse, representation or warranty, and such Purchasing Bank hereby irrevocably purchases, takes and assumes from the Transferor Bank, such Purchasing Bank's Purchased Percentage of the Commitments and the presently outstanding Loans and other amounts owing to the Transferor Bank under the Credit Agreement, the Notes and the Letters of Credit together with all instruments, documents and collateral security pertaining thereto.

3. The Transferor Bank has made arrangements with each Purchasing Bank with respect to (a) the portion, if any, to be paid, and the date or dates for payment, by the Transferor Bank to such Purchasing Bank of any fees heretofore received by the Transferor Bank pursuant to the Credit Agreement prior to the Transfer Effective Date and (b) the portion, if any, to be paid, and the date or dates for payment, by such Purchasing Bank to the Transferor Bank of fees or interest received by such Purchasing Bank pursuant to the Credit Agreement from and after the Transfer Effective Date.

4. (a) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Transferor Bank pursuant to the Credit Agreement, the Notes and the Letters of Credit shall, instead, be payable to or for the account of the Transferor Bank and the Purchasing Banks, as the case may be, in accordance with their respective interests as reflected in this Commitment Transfer Supplement.

(b) All interest, fees and other amounts that would otherwise accrue for the account of the Transferor Bank from and after the Transfer Effective Date pursuant to the Credit Agreement, the Notes and the Letters of Credit shall, instead, accrue for the account of, and be payable to, the Transferor Bank and the Purchasing Banks, as the case may be, in accordance with their respective interests as reflected in this Commitment

Transfer Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by any Purchasing Bank, the Transferor Bank and such Purchasing Bank will make appropriate arrangements for payment by the Transferor Bank to such Purchasing Bank of such amount upon receipt thereof from the Borrower.

5. On or prior to the Transfer Effective Date, the Transferor Bank will deliver to the Agent its Revolving Credit Note. On or prior to the Transfer Effective Date, the Borrower will deliver to the Agent Revolving Credit Notes for each Purchasing Bank and the Transferor Bank, in each case in principal amounts reflecting, in accordance with the Credit Agreement, their respective Commitments (as adjusted pursuant to this Commitment Transfer Supplement). As provided in subsection 11.6(c) of the Credit Agreement, each such new Revolving Credit Note shall be dated the Closing Date. Promptly after the Transfer Effective Date, the Agent will send to each of the Transferor Bank and the Purchasing Banks its new Revolving Credit Note and will send to the Borrower the superseded Revolving Credit Note of the Transferor Bank, marked "Cancelled".

6. Concurrently with the execution and delivery hereof, the Transferor Bank will provide to each Purchasing Bank (if it is not already a Bank party to the Credit Agreement) copies of all documents delivered to the Transferor Bank on the Closing Date in satisfaction of the conditions precedent set forth in the Credit Agreement.

7. Each of the parties to this Commitment Transfer Supplement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Commitment Transfer Supplement.

8. By executing and delivering this Commitment Transfer Supplement, the Transferor Bank and each Purchasing Bank confirm to and agree with each other and the Agent and the Banks as follows: (a) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Transferor Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the Notes, the Letters of Credit or any other Loan Document or other instrument or document furnished pursuant thereto; (b) the Transferor Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement, the Notes, the

Letters of Credit or any other Loan Document or other instrument or document furnished pursuant thereto; (c) each Purchasing Bank confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in subsection 6.1, the financial statements delivered pursuant to subsection 7.1, if any, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Commitment Transfer Supplement; (d) each Purchasing Bank will, independently and without reliance upon the Agent, the Transferor Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (e) each Purchasing Bank appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Section 10 of the Credit Agreement; and (f) each Purchasing Bank agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank.

9. Each party hereto represents and warrants to and agrees with the Agent that it is aware of and will comply with the provisions of subsection 11.6(g) of the Credit Agreement.

10. Schedule II hereto sets forth the revised Commitments and Commitment Percentages of the Transferor Bank and each Purchasing Bank as well as administrative information with respect to each Purchasing Bank.

11. THIS COMMITMENT TRANSFER SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Transfer Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I
TO
COMMITMENT
TRANSFER
SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR COMMITMENT
TRANSFER SUPPLEMENT

Re: Second Amended and Restated Credit Agreement, dated November __, 1994 with Lear Seating Corporation as Borrower.

Item 1 (Date of Commitment Transfer Supplement):	[Insert date of Commitment Transfer Supplement]
Item 2 (Transferor Bank):	[Insert name of Transferor Bank]
Item 3 (Purchasing Bank[s]):	[Insert name[s] of Purchasing Bank[s]]
Item 4 (Signatures of Parties to Commitment Transfer Supplement):	_____, as Transferor Bank By:_____ Title: _____, as Purchasing Bank By:_____ Title: _____, as Purchasing Bank By:_____ Title:

CONSENTED TO AND ACKNOWLEDGED:

LEAR SEATING CORPORATION

By:_____
Title:

CHEMICAL BANK, as Agent

By:_____
Title:

[Consents required only when
Purchasing Bank is not already
a Bank or Affiliate thereof]

ACCEPTED FOR RECORDATION
IN REGISTER:

CHEMICAL BANK, as Agent

By:_____
Title:

SCHEDULE II
TO COMMITMENT
TRANSFER
SUPPLEMENT

LIST OF LENDING OFFICES, ADDRESSES
FOR NOTICES AND COMMITMENT AMOUNTS

[Name of Transferor Bank]

Revised Commitment Amount: $_____

Revised Commitment Percentage: _____

[Name of Purchasing Bank]

New Commitment Amount: $_____

New Commitment Percentage: _____

Address for Notices:

[Address]
Attention:
Telephone:
Telecopier:

SCHEDULE III
TO COMMITMENT
TRANSFER
SUPPLEMENT

Form of
Transfer Effective Notice

To: Lear Seating Corporation
[Insert names of Transferor Bank and
each Purchasing Bank]

The undersigned, as Agent [delegate of the Agent performing administrative functions of the Agent] under the Second Amended and Restated Credit Agreement, dated as of November 29, 1994, among Lear Seating Corporation, the Banks parties thereto, Chemical Bank, as Agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents, acknowledges receipt of five executed counterparts of a completed Commitment Transfer Supplement, as described in Schedule I hereto. [Note: attach copy of Schedule I from Commitment Transfer Supplement.] Terms defined in such Commitment Transfer Supplement are used herein as therein defined.

1. Pursuant to such Commitment Transfer Supplement, you are advised that the Transfer Effective Date will be _____. [Insert fifth Business Day following date of Transfer Effective Notice.]

2. Pursuant to such Commitment Transfer Supplement, the Transferor Bank is required to deliver to the Agent on or before the Transfer Effective Date its Note.

3. Pursuant to such Commitment Transfer Supplement, the Borrower is required to deliver to the Agent on or before the Transfer Effective Date the following Revolving Credit Notes, each dated November , 1994:

[Describe each new Revolving Credit Note for Transferor Bank and each Purchasing Bank as to principal amount and payee.]

4. Pursuant to such Commitment Transfer Supplement, each Purchasing Bank is required to pay its Purchase Price to the Transferor Bank at or before 12:00 Noon on the Transfer Effective Date in immediately available funds.

5. Pursuant to such Commitment Transfer Supplement, promptly after the Transfer Effective Date, the undersigned will send to the Borrower the superseded Revolving Credit Note of the Transferor Bank, marked "Cancelled".

Very truly yours,

CHEMICAL BANK

By:_____
Title:

EXHIBIT 10.26

DEVELOPMENT AUTHORITY OF CLAYTON COUNTY

AND

LEAR SEATING CORPORATION

LOAN AGREEMENT

Dated as of September 1, 1994

The interest of the Development Authority of Clayton County (the "Issuer") in this Loan Agreement has been assigned (except for amounts payable under Sections 4.2(b), 7.2 and 8.4 hereof) pursuant to the Indenture, of Trust dated as of the date hereof from the Issuer to NBD Bank, N.A., as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

TABLE OF CONTENTS

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of September 1, 1994, among DEVELOPMENT AUTHORITY OF CLAYTON COUNTY, a public body corporate and politic created and existing under the laws of the State of Georgia (the "Issuer"), LEAR SEATING CORPORATION, a Delaware corporation (the "Company");

W I T N E S S E T H:

WHEREAS, the Issuer has created pursuant to the provisions of an act of the General Assembly of the State of Georgia (O.C.G.A. Section 36-62), as amended (the "Act"), and its directors have been appointed as provided therein and are currently acting in that capacity; and

WHEREAS, the Issuer has been created to develop and promote for the public good and general welfare trade, commerce, industry and employment opportunities and to promote the general welfare of the State of Georgia; the Act empowers the Issuer to issue its revenue obligations, in accordance with the applicable provisions of the Act, in furtherance of the public purpose for which it was created; and

WHEREAS, the Issuer, by due corporate action, has authorized the financing of the acquisition, construction and equipping of a manufacturing facility in Clayton County, Georgia (the "Project"), pursuant to plans and specifications therefor, such Project to include certain land, buildings and related real property together with certain equipment and related personal property, which Project is to be financed by the Issuer for the benefit of the Company pursuant to this Loan Agreement; and

WHEREAS, after careful study and investigation of the nature of the proposed Project, the Issuer has determined that, in assisting with the financing of the Project, it will be acting in furtherance of the public purposes intended to be served by the Act; and

WHEREAS, the Issuer has been advised by the Company that the amount necessary to finance the cost of the acquisition, construction and equipping of the Project, including expenses incidental thereto, is not less than $9,500,000 and, by proper corporate action, the Issuer has authorized the issuance and sale of $9,500,000 in aggregate principal amount of Development Authority of Clayton County Industrial Development Revenue Bonds (Lear Seating Corporation Project), Series 1994 (the "Bonds"), the proceeds of which will be used to finance the cost of the acquisition, construction and equipping of the Project; and

WHEREAS, pursuant to the terms of this Agreement, the Issuer has agreed to finance the cost of acquiring, constructing and equipping the Project through the issuance of the Bonds and, in consideration thereof, the Company has agreed to pay to the Issuer moneys sufficient to pay the principal of, and the redemption

premium (if any) and the interest on, the Bonds as the same become due and payable and to pay certain administrative expenses in connection with the Bonds; and

WHEREAS, the Bonds shall be limited obligations of the Issuer payable solely from the amounts payable under this Loan Agreement and other amounts specifically pledged therefor under the hereinafter defined Indenture (the "Pledged Revenues"); and

WHEREAS, as security for the payment of the Bonds, the Company will cause Chemical Bank (in its capacity as issuer of the initial letter of credit referred to below, herein called the "Credit Obligor") to issue an irrevocable letter of credit in favor of the Trustee to enable the Trustee to pay Debt Service on the Bonds and the purchase price of Bonds tendered (or deemed tendered) for purchase in accordance with the terms of the Indenture (the initial letter of credit so delivered to the Trustee and any substitute letter of credit delivered to the Trustee pursuant to the Indenture are herein referred to as the "Letter of Credit"); and

WHEREAS, the Letter of Credit will be issued by the Credit Obligor pursuant to an Amended and Restated Credit Agreement, dated as of October 25, 1993 (the "Credit Agreement") between and among the Company, the Credit Obligor and others, whereby the Company will agree, among other things, to reimburse the Credit Obligor for all amounts drawn by the Trustee pursuant to the Letter of Credit; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

ARTICLE 1

Definitions and Other Provisions
of General Application

SECTION 1.1 Definitions

For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(8) The following words and phrases shall have the following meanings:

"Authorized Company Representative" means the person at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Company by the chairman of the board, president or vice president of the Company. Such certificate may designate an alternate or alternatives.

"Capital Expenditures" means capital expenditures within the meaning of Section 144(a)(4) of the Code, and the Income Tax Regulations relating thereto.

"Cost" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Act, including, but not limited to:

(i) all costs which the Issuer or the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction, improving, or equipping of the Project;

(ii) obligations of the Company incurred for labor and materials (including obligations payable to the Company) in connection with the acquisition, construction, improving or equipping of the Project, including reimbursement to the Company for all advances and payments made in connection with the Project prior to or after delivery of the Bonds;

(iii) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Project;

(iv) all costs of engineering and architectural services, including the costs of the Company for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Project;

(v) subject to the two percent (2.0%) limitation set forth in the Internal Revenue Code, all expenses incurred in connection with the issuance of the Bonds, including but not limited to, reasonable compensation, fees and expenses of the Issuer, the Trustee and the Tender Agent, including reasonable counsel fees, compensation to any financial consultant, underwriters or placement agents, legal fees and expenses, costs of printing and engraving, recording and filing fees and costs of title insurance, if any, and Letter of Credit fees and facility fees payable under the Credit Agreement;

(vi) any sums required to reimburse the Company for advances made by the Company for any of the above items or for any other costs incurred which are properly chargeable to the Project; and

(vii) the reimbursement of the Credit Obligor for any amounts drawn under the Letter of Credit to pay interest on the Bonds prior to the completion of construction of the Project.

"Default" means any Default under this Agreement as specified in and defined by Section 8.1 hereof.

"Indenture" means the Trust Indenture dated as of this date between the Issuer and the Trustee, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

"Issuance Costs" means all costs that are treated as costs of issuing or carrying the Bonds under existing Treasury Department regulations and rulings, including, but not limited to:

(a) underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public);

(b) counsel fees (including bond counsel, underwriter's counsel, Issuer's counsel, Company's counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial adviser fees incurred in connection with the issuance of the Bonds;

(d) rating agency fees;

(e) Trustee fees incurred in connection with the issuance of the Bonds;

(f) paying agent and certifying and authenticating agent fees related to issuance of the Bonds;

(g) accountant fees related to the issuance of the Bonds;

(h) printing costs of the Bonds and of the preliminary and final offering materials;

(i) publication costs associated with the financing proceedings; and

(j) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

provided, that bond insurance premiums and certain credit enhancement fees, to the extent treated as interest expense under applicable regulations, shall not be treated as "Issuance Costs."

"Plans and Specifications" means the plans and specifications for the Project prepared by C. H. Moss & Associates, Inc., engineer, for Morgan Contracting, as developer, dated June 13, 1994, copies of which are on file with the Company.

"Project" means the Project Building, Project Equipment and the Project Site.

"Project Building" means the structures intended to be acquired, constructed and installed on the Project Site.

"Project Equipment" means the property which is described generally in Exhibit B hereto, and any items of machinery, equipment, or other personal property acquired in substitution for, or as a renewal or replacement of or a modification or improvement to, said property.

"Project Site" means the real estate described in Exhibit A hereto.

"Qualified Project Costs" means costs and expenses of the Project which constitute land costs or costs for property of a

character subject to the allowance for depreciation excluding specifically working capital and inventory costs, provided, however, that (i) costs or expenses paid or incurred prior to March 17, 1994, shall not be deemed to be Qualified Project Costs; (ii) Issuance Costs shall not be deemed to be Qualified Project Costs; (iii) interest during the Construction Period shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Bonds; (iv) interest following the Construction Period shall not constitute a Qualified Project Cost; (v) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Bonds; and (vi) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk shall not constitute Qualified Project Costs.

"Requisition" means a written request for a disbursement from the Construction Fund, signed by an Authorized Company Representative, substantially in the form attached hereto as Exhibit C and satisfactorily completed as contemplated by said form.

"State" means the State of Georgia.

"Term of Agreement" means the term of this Agreement as specified in Section 11.1 hereof.

SECTION 1.2 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.3 Date of Loan Agreement

The date of this Loan Agreement is intended as and for a date for the convenient identification of this Loan Agreement and is not intended to indicate that this Loan Agreement was executed and delivered on said date.

SECTION 1.4 Severability Clause

If any provision in this Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 Governing Law

This Loan Agreement shall be construed in accordance with and governed by the laws of the State of Georgia.

SECTION 1.6 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.7 References to Letter of Credit and Related Terms

During any period in which no Letter of Credit is in effect and no amounts remain unreimbursed to the Credit Obligor with respect thereto, any references to the Credit Obligor, Credit Agreement or Letter of Credit shall be disregarded and shall have no effect.

ARTICLE 2

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1 Representations, Covenants and Warranties of the Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is a public body corporate and politic and an instrumentality of the State of Georgia. Under the provisions of the Act, the Issuer is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. The Issuer has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) The Issuer covenants that it will not pledge the amounts derived from this Agreement other than as contemplated by the Indenture.

SECTION 2.2 Representations, Covenants and Warranties of the Company. The Company represents, covenants and warrants that:

(a) The Company is a corporation validly organized and existing under the laws of the State of Delaware. The Company is not in violation of any provision of its Articles of Incorporation, as amended, has the corporate power to enter into this Agreement, and has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement, the Remarketing Agreement or the Credit Agreement, nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof conflicts with or results in a material breach of any material terms, conditions, or provisions of any material agreement or instrument to which the Company is now a party or by which the Company is bound, or constitutes a default under any of the foregoing.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Company or any of its officers, nor to the best knowledge of the Company is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Agreement or which would adversely affect, in any way, the validity or enforceability of the Bonds, this Agreement, the Credit Agreement, the Remarketing Agreement, or any agreement or instrument to which the Company is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) The Project is of the type authorized and permitted by the Act, and its estimated Cost is not less than $9,500,000.

(e) The proceeds from the sale of the Bonds will be used only for payment of Cost of the Project.

(f) The Company will use due diligence to cause the Project to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Company has obtained or caused to be obtained all requisite approvals of the State and of other federal, state, regional and local governmental bodies for the acquisition, construction, improving and equipping of the Project which would customarily be obtained at this stage of completion of the Project.

(g) The Company will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Company to perform and any duties and obligations which the Company is required in the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(h) The issuance of the Bonds by the Issuer and the lending of the proceeds thereof to the Company to enable the Company to acquire, construct and install the Project have induced the Company to locate the Project in the County, which will directly result in an increase in employment opportunities in the County.

SECTION 2.3 Tax-Exempt Status of the Bonds. The Company hereby acknowledges and confirms the representations, warranties and covenants set forth in that certain Company's Tax Certificate and Compliance Agreement, dated as of the date of issuance and delivery of the Bonds, which representations, warranties and covenants are incorporated herein by this reference thereto and made a part hereof as fully as though set forth herein in their entirety.

SECTION 2.4 Notice of Determination of Taxability. Promptly after the Company first becomes aware of any Determination of Taxability, the Company shall give written notice thereof to the Issuer and the Trustee.

ARTICLE 3

ACQUISITION AND CONSTRUCTION
OF THE PROJECT; ISSUANCE OF THE BONDS

SECTION 3.1 Agreement to Acquire, Construct, Improve and Equip the Project. The Company agrees to make all contracts and do all things necessary for the acquisition, construction, improving, and equipping of the Project, with or without advertising for bids, and the Company agrees that it will cause the Project Building to be constructed, improved and equipped on the Project Site substantially in accordance with the Plans and Specifications, and that it will cause the Project Equipment to be acquired and installed therein. Notwithstanding the foregoing, the Company may modify, supplement, amend or revise the Plans and Specifications, in its sole discretion, without notice to or the consent of the Issuer, the Credit Obligor or the Trustee, so long as the Project continues to qualify as a "project" within the meaning of the Act.

The Company further agrees that it will acquire, construct, improve, and equip the Project with all reasonable dispatch and use its best efforts to cause acquisition, construction, improving, equipping, and occupancy of the Project to be completed by June 1, 1995, or as soon thereafter as may be practicable, delays caused by force majeure as defined in Section 8.1 hereof only excepted; but if for any reason such acquisition, construction, improving and equipping is not completed by said date there shall be no resulting liability on the part of the Company and no diminution in or postponement of the payments required in Section 4.2 hereof to be paid by the Company.

SECTION 3.2 Agreement to Issue the Bonds; Application of Bond Proceeds. In order to provide funds for the payment of the Cost of the Project, the Issuer, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the net proceeds thereof with the Trustee in the Construction Fund.

SECTION 3.3 Disbursements from the Construction Fund. The Issuer has, in the Indenture, authorized and directed the Trustee to make disbursements from the Construction Fund to pay the Costs of the Project, or to reimburse the Company for any Cost of the Project paid by the Company. The Trustee shall not make any disbursement from the Construction Fund until the Company shall have provided the Trustee with a Requisition.

SECTION 3.4 Furnishing Documents to the Trustee. The Company agrees to cause such Requisitions to be directed to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.3 hereof.

SECTION 3.5 Establishment of Completion Date.

(a) The Completion Date shall be evidenced to the Issuer and the Trustee by a certificate signed by an Authorized Company Representative stating that, except for amounts retained by the Trustee at the Company's direction to pay any Cost of the Project not then due and payable, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is

suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, improving, and equipping of the Project, the Company agrees to cause such certificate to be furnished to the Issuer and the Trustee. Upon receipt of such certificate, the Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of the Cost of the Project not then due and payable according to such certificate. If any such amounts so retained are not subsequently used, prior to any transfer of said amounts to the Bond Fund as provided below, the Trustee shall give notice to the Company of the failure to apply said funds for payment of the Cost of the Project. Any amount not to be retained in the Construction Fund for payment of the Cost of the Project, and all amounts so retained but not subsequently used, shall be transferred by the Trustee into the Bond Fund.

(b) If at least ninety-five percent (95%) of the net proceeds of the sale of the Bonds have not been used for Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Construction Fund for payment of Cost of the Project not then due and payable) remaining in the Construction Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (a) to redeem Bonds on the earliest redemption date permitted by the Indenture without a premium, (b) to purchase Bonds on the open market prior to such redemption date at prices not in excess of one hundred percent (100%) of the principal amount of such Bonds, or (c) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not require that interest on the Bonds be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not require that interest on the Bonds be included in gross income for federal income tax purposes.

SECTION 3.6 Company Required to Pay in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the Costs of the Project should not be sufficient to pay the Costs of the Project in full, the Company agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Construction Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Company agrees that if after exhaustion of the moneys in the Construction Fund, the Company should pay any portion of the Costs of the Project pursuant to the provisions of this Section, the Company

shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Owners of any of the Bonds, nor shall the Company be entitled to any diminution of the amounts payable under Section 4.2 hereof.

SECTION 3.7 Special Arbitrage Certifications. The Company and the Issuer covenant not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and the Company certifies and covenants to and for the benefit of the Issuer and the Owners of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Without limiting the generality of the foregoing, the Company hereby agrees to comply with the terms and conditions set forth in that certain "Company's Tax Certificate and Compliance Agreement", dated the date of issuance and delivery of the Bonds, including, without limitation, the provisions set forth therein pertaining to the rebate of investment earnings to the United States.

ARTICLE 4

LOAN PROVISIONS

SECTION 4.1 Loan Of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Company the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Company as provided in Section 3.3 hereof.

SECTION 4.2 Basic Payments

(a) The Company shall make basic payments ("Basic Payments") to the Trustee, for the account of the Issuer, at times and in amounts as follows: on or before any Bond Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal or purchase price is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as purchase price or principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture; provided, however, that the obligation of the Company to make any payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Credit Obligor to the Trustee under the Letter of Credit.

(b) In accordance with the Indenture, on each Bond Payment Date the Trustee shall, without regard to the amount then on deposit in the Bond Fund, make a draw on the Letter of Credit in an amount equal to the amount of Debt Service due on such Bond Payment Date on Bonds other than Pledged Bonds. No draw shall be made under the Letter of Credit with respect to Debt Service on Pledged Bonds. If money is, at the time of such draw, on deposit in the Bond Fund and available for the payment of Debt Service on Bonds other than Pledged Bonds, such available money shall, to the extent of the amount drawn pursuant to the Letter of Credit, be paid to the Credit Obligor.

(c) In accordance with the Indenture, on each Tender Date the Trustee shall, without making any prior claim or demand on the Company for Basic Payments with respect to the purchase price of Bonds, and without taking into account any proceeds anticipated from the remarketing of Bonds by the Remarketing Agent, make a draw under the Letter of Credit in an amount equal to the purchase price of all Bonds to be purchased on such Tender Date. The Company shall receive a credit against Basic Payments under subsection (a)(3) for the amount so drawn.

(d) The Company shall cause all Basic Payments to be made in funds immediately available to the Trustee at its Principal Office by 1:45 P.M., New York City time, on the related Bond Payment Date

or Tender Date, as the case may be, or such earlier time as may be required by the Securities Depository.

(e) If any Basic Payment is due on a day which is not a Business Day, the Company shall cause such payment to be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

(f) Income or profits received from the investment of money in the Bond Fund shall be credited against the Basic Payments required by subsection (a)(1) and (2) of this Section.

(g) The Company acknowledges that Basic Payments required by this Section are intended to provide amounts which will be sufficient to pay Debt Service on the Bonds as the same matures and comes due. If on any Bond Payment Date the amount on deposit in the Bond Fund is not sufficient to pay Debt Service on the Bonds due and payable on such date, the Company shall immediately deposit the amount of such deficiency in the Bond Fund.

SECTION 4.3 Additional Payments

(a) The Company shall make additional payments ("Additional Payments") to the Issuer, the Trustee or the Tender Agent, as the case may be, as follows:

(1) the acceptance fee of the Trustee and the reasonable annual (or other regular) fees, charges and expenses of the Trustee, Tender Agent and Remarketing Agent;

(2) any amount to which the Trustee may be entitled under Section 13.07 of the Indenture; and

(3) the reasonable expenses of the Issuer incurred at the request of the Company, or in the performance of its duties under the Indenture, or in connection with any litigation which may at any time be instituted involving the Project, the Bonds, or in the pursuit of any remedies under the Indenture.

(b) All Additional Payments shall be due and payable within 10 days after receipt by the Company of an invoice therefor.

SECTION 4.4 Overdue Payments

Any overdue Basic Payment shall bear interest from the related Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments. Any overdue Additional Payment shall bear interest from the date due until paid at the Post-Default Rate for such Additional Payments specified in the Indenture.

SECTION 4.5 Unconditional Obligation of Company

Subject to Section 10.6 hereof, the Company's obligation to make Payments and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer or the Trustee. The Company will not suspend or discontinue any such Payment or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Loan Agreement for any cause whatsoever, including, without limiting the generality of

the foregoing, (i) failure to complete the Project, (ii) any acts or circumstances that may constitute an eviction or constructive eviction, (iii) failure of consideration or commercial frustration of purpose, (iv) the invalidity of any provision of this Loan Agreement, (v) any damage to or destruction of the Project or any part thereof, (vi) the taking by eminent domain of title to, or the use of, all or any part of the Project, (vii) any change in the laws or regulations of the United States of the United States of America, the State of Georgia or any other government authority, or (viii) any failure of any of the Financing Participants to perform and observe any agreement or covenant, whether express or implied, to be performed or observed by them under any of the Financing Documents.

ARTICLE 5

Concerning the Bonds,
the Indenture and the Trustee

SECTION 5.1 Assignment of Loan Agreement

(a) The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement (except for certain rights personal to the Issuer).

SECTION 5.2 Redemption of Bonds

(a) The Issuer will redeem any or all of the Bonds in accordance with the scheduled mandatory redemption provisions of the Bonds and the Indenture and upon the occurrence of any event or contingency requiring the mandatory redemption of Bonds, all in accordance with the applicable provisions of the Bonds and the Indenture.

(b) If no Loan Default exists, the Issuer will exercise any right of optional redemption with respect to the Bonds only upon the written request of the Company.

SECTION 5.3 Amendment of Indenture

The Issuer will not cause or permit the amendment of the Indenture or the execution of any amendment or supplement to the Indenture without the prior written consent of the Company.

SECTION 5.4 Special Funds

(a) If no Loan Default exists, the Issuer shall cause any money held as part of a Special Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the instructions of the Company.

(b) The Company shall be solely responsible for (i) determining that any such investment of Special Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, including without limitation the provisions of Section 148(d)(3) of the Internal Revenue Code relating to investment of "gross proceeds" of bonds, and (ii) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

SECTION 5.5 Effect of Full Payment of Indebtedness

(a) After the Indenture Indebtedness is Fully Paid, all references in this Loan Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Holders of the Bonds shall thereafter have any rights hereunder, except those rights that shall have theretofore vested.

(b) After the Credit Obligor Indebtedness is Fully Paid, (i) all references in this Loan Agreement to the Credit Obligor shall be ineffective and thereafter the Credit Obligor shall have no rights hereunder, except those rights that shall have theretofore vested, and (ii) all references in this Loan Agreement

to the Credit Agreement and the Letter of Credit shall be ineffective.

(c) After all Indebtedness is Fully Paid, any money or investments remaining in the Special Funds shall be delivered to the Company.

ARTICLE 6

SECTION 6.1 Maintenance and Other Operating Expenses

The Company will, at its own expense, cause the Project to be maintained and kept in good condition, repair and working order.

SECTION 6.2 Taxes, Assessments, Etc.

The Company will pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Project or any part thereof or upon any income therefrom.

SECTION 6.3 Improvements, Alterations, Etc.

The Company may, at its own expense, make changes, additions, improvement or alterations to the buildings, structures and other improvements constituting a part of the Project.

SECTION 6.4 Assignment, etc.

Subject to the receipt of the prior written consent of the Issuer, the Company may assign its rights in this Loan Agreement and may sell or lease the Project or any part thereof, subject to the following limitations:

(1) the Company shall continue to be primarily liable for the performance and observance of the agreements and covenants to be performed and observed by its under this Loan Agreement, and no such assignment or lease shall in any way diminish or abate the obligations of the Company hereunder (unless the transferee assumes all of the Company's obligations hereunder);

(2) no such assignment or lease shall permit or result in the use of the Project for any purpose that would not be permitted for facilities financed under the Enabling Act; and

(3) within 30 days after the delivery of any such assignment or lease, the Company shall deliver a copy thereof to the Issuer and to the Trustee.

SECTION 6.5 Company's Personal Property and Fixtures

The Company may, at its own expense, install at the Project any personal property or fixtures which, in the Company's judgment, are necessary or desirable for the conduct of the business carried on by the Company at the Project.

SECTION 6.6 Insurance

The Company will at all times keep the Project insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due all premiums in respect thereto.

ARTICLE 7

SPECIAL COVENANTS

SECTION 7.1 No Warranty of Condition or Suitability by Issuer. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE COMPANY. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE COMPANY WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE COMPANY'S PURPOSES.

SECTION 7.2 Issuer and Company Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Company are required or the Issuer or the Company are required to take some action at the request of the other, such approval or such request shall be given for the Issuer by an Issuer Representative and for the Company by an Authorized Company Representative. The Trustee shall be authorized to act on any such approval or request.

SECTION 7.3 Further Assurances The Company will do, execute, acknowledge and deliver such further acts, financing statements and assurances as the Issuer or the Trustee shall require for accomplishing the purposes of the Financing Documents.

SECTION 7.4 Inspection of Records

The Company will at any and all times, upon the written request of the Issuer or the Trustee and with reasonable notice, permit the Issuer or the Trustee by their representatives to inspect the Project and any books, records, reports and other papers of the Company relating to the Project, and to make copies therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Company will furnish to the Issuer and the Trustee any and all information as the Issuer or the Trustee may reasonably request with respect to the performance by the Company of its covenants in this Loan Agreement.

SECTION 7.5 Indemnity of Issuer and Trustee

If the Issuer or the Trustee, or any director, member or officer of agent thereof (collectively the "Indemnified Persons") is made a party defendant to any litigation concerning the Project or any part thereof, or concerning the occupancy thereof by the Company, or concerning the issuance of the Bonds, the Company agrees to indemnify, defend and hold Indemnified Persons harmless from and against any and all liability by reason of such litigation, including reasonable attorneys' fees and expenses incurred by the Indemnified Persons, whether or not any such litigation is prosecuted to judgment. If the Issuer commences an action against the Company to enforce any of the terms of any of the documents executed in connection with the Bonds, or for the breach by the Company of any such terms, the Company shall pay to

the Issuer reasonable attorneys' fees and expenses in connection with such action, and the right to such attorneys' fees and expenses shall be enforceable whether or not such action is prosecuted to judgment. If the Company breaches any term of any of the documents executed in connection with the Bonds, the Issuer may employ an attorney or attorneys to protect its rights, and in the event of such employment following any such breach by the Company, the Company shall pay the reasonable attorneys' fees and expenses of the Issuer so incurred, whether or not any action is actually commenced against the Company by reason of such breach.

It is the intention of the parties that the Indemnified Persons shall not incur pecuniary liability by reason of the terms of this Agreement or by reason of the undertakings of the Indemnified Persons required hereunder in connection with the issuance of the Bonds or execution of this Agreement or the Indenture or in connection with the performance of any act by the Indemnified Persons requested by the Company or in any way arising from the transaction with which this Agreement is a part arising in any manner in connection with the Project or financing of the Project; nevertheless, if any of the Indemnified Persons should incur any such pecuniary liability, then in such event the Company shall indemnify and hold the Indemnified Persons harmless against all claims by and on behalf of any person arising out of the same, and all costs incurred in connection with any claim, action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Indemnified Persons in any such action, or proceeding in consultation with counsel for the Issuer. In the event any proceeding shall be initiated against any of the Indemnified Persons, the Company shall furnish a defense to the Indemnified Persons, shall be permitted to control, in the exercise of its reasonable judgment, the defense of any such action or proceeding, and pay all fees of counsel to the Issuer. Any settlement of litigation that involves the Issuer shall require the consent of the Issuer.

Notwithstanding anything to the contrary contained herein, the Company shall have no liability to indemnify the Issuer or the Trustee against claims or damages resulting from the Issuer's or the Trustee's own gross negligence or willful misconduct.

ARTICLE 8

Remedies

SECTION 8.1 Events of Default

Any one or more of the following shall constitute an event of default (a "Loan Default") under this Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any Basic Payment when such Basic Payment becomes due and payable; or

(2) default in the performance, or breach, of any covenant or warranty of the Company in this Loan Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company and the Credit Obligor by the Issuer or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; provided, however, that if the alleged breach or nonperformance is of such a nature that it cannot reasonably be cured within such period, such breach or nonperformance shall not constitute a Loan Default so long as the Company institutes and is pursuing with due diligence corrective action with respect thereto; or

(3) the occurrence of an Event of Default under the Indenture.

SECTION 8.2 Remedies on Default

If a Loan Default occurs and is continuing, the Credit Obligor (or, if the Credit Obligor Indebtedness has been Fully Paid, the Issuer) may exercise any of the following remedies:

(1) declare all amounts for the remainder of the term of this Loan Agreement to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration; and

(2) take whatever legal proceedings may appear necessary or desirable to collect the Payments then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the Company under the Loan Agreement or by law.

SECTION 8.3 No Remedy Exclusive

No remedy herein conferred upon or reserved to the Issuer, the Credit Obligor or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.4 Agreement to Pay Attorneys' Fees and Expenses

If the Company should default under any of the provisions of this Loan Agreement and the Issuer, the Credit Obligor or the Trustee should employ attorneys or incur other expenses for the collection of Basic Payments or the enforcement of performance or observance of any agreement or covenant on the part of the Company herein contained, the Company will on demand therefor pay to the Issuer, the Credit Obligor or the Trustee (as the case may be) the reasonable fees of such attorneys and such other expenses so incurred.

SECTION 8.5 No Additional Waiver Implied by One Waiver

In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 8.6 Remedies Subject to Applicable Law

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provision of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Loan Agreement invalid or unenforceable.

ARTICLE 9

PREPAYMENT UNDER AGREEMENT

SECTION 9.1 Option to Prepay Basic Payment Amounts Under Agreement in Whole in Certain Events. The Company shall have, and is hereby granted, the option to prepay the basic payment amounts required to be made under Section 4.2 and to cancel or terminate this Agreement if any of the following shall have occurred:

(a) the Project shall have been damaged or destroyed to such an extent that, in the judgment of the Company, (i) it cannot be reasonably restored within a period of twelve (12) consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Company is thereby prevented from carrying on its normal operations at the Project for a period of twelve (12) consecutive months, or (iii) it would not be economically feasible for the Company to replace, repair, rebuild or restore the same;

(b) title in and to, or the temporary use of, all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person acting under governmental authority (including such a taking as, in the judgment of the Company, results in the Company being prevented thereby from carrying on its normal operations at the Project for a period of twelve (12) consecutive months); or

(c) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or by legislative or administrative action (whether State or Federal) or by final decree, judgment, decision or order of any court or administrative body (whether State or Federal), this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein.

To exercise such option, the Company (i) shall, within ninety (90) days following the event giving rise to the Company's desire to exercise such option, deliver to the Issuer and to the Trustee a certificate, executed by a duly authorized representative of the Company , stating (A) the event giving rise to the exercise of such option, (B) that the Company has directed the Trustee to redeem all of the Bonds in accordance with the provisions of the Indenture, and (C) the date upon which such prepayment is to be made, which date shall not be less than forty-five (45) days nor more than ninety (90) days from the date such notice is mailed; and (ii) shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

The prepayment price which shall be paid to the Trustee by the Company on or prior to its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to pay

and redeem all of the then outstanding Bonds on the earliest applicable redemption date including, without limitation, principal plus accrued interest thereon to said redemption date, plus

(2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds.

The amount of any drawing under the Letter of Credit on any redemption date specified above shall be credited against the prepayment price required to be paid by the Company, and the use of any other moneys for the payment of principal and interest on the Bonds shall be subject to the limitations set forth in the Indenture.

SECTION 9.2 Other Options to Prepay Basic Payment Amounts Under Agreement. The Company shall have, and is hereby granted, the option to prepay the basic payment amounts required to be made under Section 4.2 in whole, at any time, or in part on any Bond Payment Date (as defined in the Indenture), by (i) depositing irrevocably with the Trustee in accordance with Article 16 of the Indenture sufficient moneys pursuant to the Indenture, to pay the principal of and interest on all of the Bonds due and to become due on or prior to the redemption date (if the Bonds are to be redeemed) or maturity thereof, (ii) paying to the Trustee all Trustee's fees and expenses due in connection with the payment or redemption of any such Bonds, and (iii) if any Bonds are to be redeemed on any date prior to their maturity, giving the Trustee irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices.

SECTION 9.3 Obligation to Prepay Basic Payment Amounts Under Agreement Under Certain Circumstances. If there occurs a Determination of Taxability, the Company shall be obligated to prepay as promptly as practical all payments required to be made under Section 4.2 and shall pay to the Trustee for deposit in the Bond Fund, the principal amount of such Bonds plus accrued interest to such redemption date.

Said accelerated payments shall also include expenses of redemption and the fees and expenses of the Trustee and the paying agent(s) accrued and to accrue until such final payment and redemption of the Bonds.

The amount of any drawing under the Letter of Credit on such redemption date shall be credited against the payments required to be made by the Company on such redemption date.

The Company shall give prompt written notice to the Issuer, the Credit Obligor and the Trustee of its receipt of any oral or written advice from the Internal Revenue Service that an Event of Taxability has occurred.

Promptly upon receipt of written notice of the occurrence of a Determination of Taxability, the Trustee shall cause notice thereof to be given to the bondholders in the same manner as is provided in the Indenture for notices of redemption. In such notice to bondholders, the Trustee may make provisions for obtaining advice from bondholders, in such form as shall be deemed

appropriate, respecting relevant assessments made on such bondholders by the Internal Revenue Service, so as to be able, if appropriate, to verify the existence, present or future, of a Determination of Taxability.

The Company shall immediately instruct the Trustee to apply the accelerated payments made by the Company as a result of such Determination of Taxability, together with any moneys then held by the Trustee, in the order of priority set forth in Section 504 of the Indenture, on the earliest possible date after the giving of the required notice of redemption under the Indenture, to the redemption of Bonds or to the payment to the holders of Bonds which will mature or will be redeemed prior to the redemption date contemplated by this Section, all in accordance with the requirements hereinbefore set forth in this Section. A copy of such instructions shall be forwarded by the Company to the Issuer.

Upon the redemption date contemplated by this Section, provided there has been deposited with the Trustee the total amount as required, such amount shall constitute the total compensation due the Issuer and the holders of the Bonds as a result of an occurrence of such Determination of Taxability and the Company shall not be deemed to be in default hereunder by reason of the occurrence of such Determination of Taxability.

Upon the occurrence of a Determination of Taxability, any other option of the Company to prepay the basic payment amounts required to be made under Article 4 shall be superseded by its prepayment of the basic payment amounts required to be made under Article 4 under this Section for the amounts herein set forth.

The provisions of this Section shall survive the termination of this Agreement.

ARTICLE 10

Miscellaneous

SECTION 10.1 Issuer's Liabilities Limited

(a) The covenants and agreements contained in this Loan Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein.

(b) No recourse under or upon any covenant or agreement of this Loan Agreement shall be had against any past, present or future incorporator, officer or member of the Board of Directors of the Issuer, or of any successor corporation, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Loan Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the Board of Directors of the Issuer or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in this Loan Agreement.

SECTION 10.2 Corporate Existence of Issuer

The Issuer shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in Section 10.7 of the Indenture.

SECTION 10.3 Notices

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Loan Agreement to be made upon, given or furnished to, or filed with, the Issuer, the Company, the Trustee or the Credit Obligor shall be sufficient for every purpose hereunder if in writing and (except as otherwise provided in this Loan Agreement) either (i) delivered personally to the party or, if such party is not an individual, to an officer, partner or other legal representative of the party to whom the same is directed (provided that any document delivered personally to the Trustee must be delivered at its Principal Office during normal business hours) at the hand delivery address specified in Section 17.01 of the Indenture or (ii) mailed by first-class, registered or certified mail, postage prepaid, addressed as specified in Section 17.01 of the Indenture, or (iii) sent by telex or telecopy to the number specified in Section 17.01 of the Indenture. Any of such parties may change the address for receiving any such notice or other document by giving notice of the change to the other parties as provide in this Section.

(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed (or, if such party is not an individual, to an officer, partner or other

legal representative of the party) at the address specified pursuant to this Section, or, if sent by mail, 3 days after such notice or document is deposited in the United States mail, addressed as provided above.

SECTION 10.4 Successors and Assigns

All covenants and agreements in this Loan Agreement by the Issuer or the Company shall bind their respective successors and assigns, whether so expressed or not.

SECTION 10.5 Benefits of Loan Agreement

Nothing in this Loan Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Holders of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Loan Agreement.

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

(SEAL)

DEVELOPMENT AUTHORITY OF CLAYTON COUNTY

Attest:

By: /s/ C.S. Conklin

Chairman

/s/ Thomas B. Clonts

Secretary

(SEAL)

Attest:

By: /s/ Joseph F. McCarthy

Title:

LEAR SEATING CORPORATION

By: /s/ Donald J. Stebbins

Title:

LEAR SEATING CORPORATION
LEGAL DESCRIPTION OF REAL ESTATE

EXHIBIT A

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 21 of the 13th District of Clayton County, Georgia, and being more particularly described as follows:

BEGINNING at a point on the southwestern right-of-way of International Parkway (60' R/W) which point is located 1,148.67 feet southeast from the intersection of the southwestern right-of-way of International Parkway and the southern right-of-way of Service Road "B"; run thence partial along International Parkway an arc distance of 442.31 feet (said arc being subtended by a chord bearing South 63 degrees 21 minutes 20 seconds East and having a length of 436.78 feet); running thence South 10 degrees 55 minutes 25 seconds West a distance of 126.25 feet to an iron pin set; running thence South 00 degrees 26 minutes 11 seconds East a distance of 634.18 feet to an iron pin set; running thence South 18 degrees 08 minutes 47 seconds West a distance of 104.22 feet to an iron pin set on the northern right-of-way of I-285; thence running North 71 degrees 16 minutes 50 seconds West a distance of 395.20 feet an iron pin set; thence running North 62 degrees 48 minutes 47 seconds West a distance of 283.48 feet to an iron pin set; thence North 63 degrees 25 minutes 33 seconds West a distance of 27.63 feet to an iron pin set; thence leaving the right-of-way of I-285 running North 22 degrees 00 minutes 29 seconds East a distance of 174.28 feet to an iron pin set; thence running North 52 degrees 22 minutes 41 seconds West a distance of 268.41 feet to an iron pin set; thence running North 45 degrees 02 minutes 40 seconds East a distance of 649.48 feet to an iron pin set, which point is the POINT OF BEGINNING.

The above described property contains 12.841 acres, more or less, and is shown on and described according to that certain Property Survey prepared for Lear Seating Corporation and Chicago Title Insurance Company by Rochester & Associates, Inc., dated April 19, 1994, last revised May 11, 1994.

TOGETHER with those easements and other rights provided to "Owners" of real property that are set forth in the Declaration of Protective Covenants for Atlanta Tradeport by Atlanta Tradeport Associates recorded in Deed Book 1508, Page 308, records of Clayton County, Georgia, as amended by that certain First Amendment dated January 25, 1989, recorded at Deed Book 1529, page 590, aforesaid records, and as further amended by that certain Second Amendment dated May 6, 1991, recorded at Deed Book 1705, Page 46, aforesaid records (collectively the "Declaration") to the extent the same benefit the parcel of land described above. However, nothing contained shall be construed as a

conveyance by Atlanta Tradeport Associates of any of its other easements or rights under the Declaration (including its rights as the "Declarant" thereunder or as an "Owner" of other parcels or any easements or rights of the "Association" under the Declaration) or any other easements or rights benefitting any other parcel of land that is subject to the Declaration.

EXHIBIT B

LEAR SEATING CORPORATION
MACHINERY AND EQUIPMENT LIST ($000'S)

PRODUCTION	QTY	EACH	AMOUNT	TOTAL
FRONT SEAT MARRIAGE FIXTURE	20	11	220	
HALO FIXTURES	8	11	90	
REAR 40/60 FIXTURES	8	7.5	60	
R8C COMPRESSION FIXTURES	8	5	40	
FSB FRAME ASSM	2	5	10	
FSB TRIM TO FOAM	2	2	4	
FSB CLOSE-OUT	2	2	4	
FSC TRIM TO FOAM	2	3	6	
FSC CLOSE-OUT	2	11	22	
FSC TRACK FIXTURE	2	4	8	
NUTRUNNERS	60	6	380	
HOG RING GUNS			15	
MISC. POWER TOOLS			50	
BENCHES			17	
REAR KITTING PALLETS	150	0.08	10	
FRONT SEAT MANIPULATORS	10	11	110	
BELT CONVEYOR OVER/UNDER			20	
FRONT SEAT LINE CONVEYOR			637	
REAR SEAT LINE			200	
FINISHED GOODS			324	
PALLET RETURN			175	
SHIPPING SYSTEM			550	
SOCIAL (LOCKERS TABLES)			70	
SELF PIERCING RIVET GUN	3	12	36	$3038

MATERIALS				
PART PRESENTATION TILT RACKS	6	10	60	
TILT TABLES	3	3	9	
RACKS ROLLERS/WAREHOUSE RACKS			60	
SCALES	1	4	4	
CELLULAR PHONES	2	1	2	
TWO WAY RADIOS	20	1	20	
END EFFECTORS	3	20	60	
TRIM CARTS	20	3	60	
CAGING			20	
STRETCH WRAP			8	

				$303

EXHIBIT B

LEAR SEATING CORPORATION
MACHINERY AND EQUIPMENT LIST ($000'S)

	QTY	EACH	AMOUNT	TOTAL
COMPRESSOR	2	65	130	
BOILER	2	30	60	
OVEN	2	40	80	
STEAM PIPING			50	
AIR PIPING			200	
ELECTRICAL			200	
INSTALL			200	
GENERATOR			274	
TELEPHONE			75	
COMPACTOR	2	25	50	

				$1319
MAINTENANCE				
BAND SAW			8	
DRILL PRESS			3	
CUT-OFF SAW			4	
HAND TOOLS			5	
MIG WELDER			7	
ACETYLENE TORCH			1	
CABINETS/SHELVES			12	
SWEEPER			15	
BENCHES			5	

				$60
QUALITY				
H-POINT/CONTOUR BUCKS	3	30	90	
OSCAR			20	
SHAKE TEST UNIT			195	
VERNIERS/CALIPERS			2	
BLUE PRINT FILES			2	
LAYOUT TABLE			7	

				$316
OFFICE EQUIPMENT				
PACKAGE ADMINISTRATION			150	
SYSTEMS				
QUALITY				
HUMAN RESOURCES				
ENGINEERING				
MATERIALS				
PRODUCTION				
SIGN/SECURITY	1	30	30	
				$180

		GRAND TOTAL		$5,216
				======

EXHIBIT C

REQUISITION NO. ____

Amount Requested:

Total Disbursements to Date:

1. Each obligation for which a disbursement is hereby requested is described in reasonable detail in Exhibit A hereto together with the name and address of the person, firm or corporation to whom payment is due.

2. The bills, invoices or statements of account for each obligation referenced in Exhibit A are attached hereto as Exhibit B.

3. The Company hereby certifies that:

(a) each obligation mentioned in Exhibit A has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursement;

(b) the expenditure of the amount requested under this Requisition, when added to all disbursements under previous Requisitions, will result in at least ninety-five percent (95%) of the total of such disbursements, other than disbursements for reasonable expenses incurred in connection with the issuance of the Bonds, having been used (i) for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation under the Code, or (ii) for payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and

(c) the expenditures of the amount requested under this Requisition, when added to all disbursements under previous Requisitions, will result in no more than two percent (2%) of the aggregate face amount of the Bonds being used for payment of Issuance Costs.

4. All capitalized terms herein shall have the meanings assigned to them in the Loan Agreement dated as of September 1, 1994 among Development Authority of Clayton County and Lear Seating Corporation.

This _____ day of _____, 19____.

By: _____
Company Representative

EXHIBIT 10.27

LOAN AGREEMENT

BETWEEN

CITY OF HAMMOND, INDIANA

AND

LEAR SEATING CORPORATION

$9,500,000
City of Hammond, Indiana
Adjustable Rate Economic Development Revenue Bonds of 1994
(Lear Seating Corporation Project)

Dated

as of

July 1, 1994

INDEX

(This Index is not a part of the Agreement
but rather is for convenience of reference only)

LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of July 1, 1994 between the CITY OF HAMMOND, INDIANA, a municipal corporation, duly organized and validly existing under the laws of the State of Indiana (the "Issuer"), and LEAR SEATING CORPORATION, a Delaware corporation (the "Borrower"), under the circumstances summarized in the following recitals (the capitalized terms not defined above or in the recitals being used therein as defined in or pursuant to Article I hereof):

A. Pursuant to the provisions of the laws of the State, including the Act, the Issuer has now determined to provide financing for costs of certain economic development facilities (the "Project").

B. The Borrower and the Issuer have full right and lawful authority to enter into this Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto covenant, agree and bind themselves as follows (provided that any obligation of the Issuer created by or arising out of this Agreement shall not be a general debt on its part but shall be payable solely out of the Revenues):

ARTICLE I

DEFINITIONS

Section 1.1. Use of Defined Terms. Words and terms defined in the Indenture shall have the same meanings when used herein, unless the context or use clearly indicates another meaning or intent. In addition, the words and terms set forth in Section 1.2 hereof shall have the meanings set forth therein unless the context or use clearly indicates another meaning or intent.

Section 1.2. Definitions. As used herein:

"Additional Payments" means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.2 hereof.

"Agreement" means this Loan Agreement, as amended or supplemented from time to time.

"Authorized Borrower Representative" means the President, any Vice President or other officer of the Borrower authorized by the President or any Vice President of the Borrower to act as the Borrower's representative under this Agreement, the Indenture, the Remarketing Agreement and the Purchase Contract.

"Co-Trustee" means the Co-Trustee at the time acting as such under the Indenture, originally Calumet National Bank, Hammond, Indiana, as Co-Trustee, and any successor Co-Trustee as determined or designated under or pursuant to the Indenture.

"Event of Default" means any of the events described as an Event of Default in Section 7.1 hereof.

"Force Majeure" means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 hereof.

"Indenture" means the Trust Indenture, dated as of even date herewith, among the Issuer, the Trustee and the Co-Trustee, as amended or supplemented from time to time.

"Loan" means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Project Bonds.

"Loan Payment Date" means any date on which any of the Loan Payments are due and payable, whether at maturity, upon acceleration, call for redemption or prepayment, or otherwise.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Notes and of Section 4.1 hereof.

"Notes" means the Project Note and any Additional Notes.

"Notice Address" means:

(a) As to the Issuer:

5925 Calumet Avenue
Hammond, IN 46320
Attention: Treasurer

cc: Carol M. Green, Esq.
McHie, Myers, McHie & Enslen
53 Muenich Ct.
Hammond, Indiana 46320-1798

(b) As to the Borrower:

Lear Seating Corporation
21557 Telegraph Road
Southfield, MI 48034
Attention: Donald Stebbins

cc: Joseph McCarthy
Lear Seating Corporation
21557 Telegraph Road
Southfield, MI 48034

(c) As to the Trustee:

NBD Bank, N.A.
One Indiana Square
Indianapolis, IN 46266
Attention: Corporate Trust Department, Suite 836

(d) As to the Co-Trustee:

Calumet National Bank
5231 Hohman Avenue
Hammond, IN 46325
Attention: Cletus Epple

(e) As to the Remarketing Agent:

William Blair & Company
222 West Adams Street
Chicago, IL 60606
Attention: Peter Raphael

or such additional or different address, notice of which is given under Section 8.2 hereof.

"Project" means the Project as set forth in Exhibit B hereof.

"Project Bonds" means the City of Hammond, Indiana Adjustable Rate Economic Development Revenue Bonds of 1994 (Lear Seating Corporation Project) authorized in the Indenture, in the original principal amount of $9,500,000.

"Project Note" means the promissory note of the Borrower, dated as of even date with the Project Bonds, in the form attached hereto as Exhibit A and in the principal amount of $9,500,000 evidencing the obligation of the Borrower to make Loan Payments.

"Remarketing Agreement" means the Remarketing Agreement of even date herewith among the Borrower, the Issuer and William Blair & Company, as Remarketing Agent, as amended and supplemented from time to time.

"Tax Certificate" means the Tax Representation Certificate of the Borrower delivered in connection with the initial issuance and delivery of the Project Bonds.

"Trustee" means the Trustee at the time acting as such under the Indenture, originally NBD Bank, N.A., Indianapolis, Indiana, as Trustee, and any successor Trustee as determined or designated under or pursuant to the Indenture.

"Unassigned Issuer's Rights" means all of the rights of the Issuer to receive Additional Payments under Section 4.2 hereof, to be held harmless and indemnified under Section 5.3 hereof, to be reimbursed for attorney's fees and expenses under Section 7.4 hereof, and to give or withhold consent to amendments, changes, modifications, alterations and termination of this Agreement under Section 8.5 hereof.

Section 1.3. Interpretation. Any reference herein to the Issuer, to the Issuing Authority or to any member or officer of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their respective functions.

Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the Indiana Code or to any statute of the United States of

America, includes that section, provision, chapter or statute as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision, chapter or statute shall be applicable solely by reason of this provision if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee, the Bank or the Borrower under this Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof", "hereby", "herein", "hereto", "hereunder" and similar terms refer to this Agreement; and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of the Project Bonds. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.4. Captions and Headings. The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

Section 1.5. References to Bank, Letter of Credit or Reimbursement Agreement Ineffective During Certain Periods. During any period in which no Letter of Credit is in effect and no amounts remain unreimbursed to the Bank under the Reimbursement Agreement, references in this Agreement to the Bank, the Letter of Credit and the Reimbursement Agreement shall be disregarded and shall have no effect.

(End of Article I)

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Representations, Warranties and Covenants of the Issuer. The Issuer represents and warrants that:

(a) It is a duly organized and validly existing municipal corporation under the laws of the State;

(b) It has full legal right, power and authority to (i) enter into this Agreement, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture, (ii) issue, sell and deliver the Project Bonds and (iii) carry out and consummate all other transactions contemplated by this Agreement, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture.

(c) It has duly authorized (i) the execution, delivery and performance of its obligations under this Agreement, the Project Bonds, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture, and (ii) the taking of any and all such actions as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such instruments.

(d) This Agreement, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms; this Agreement, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture have been duly authorized and executed by the Issuer; and, when authenticated by the Trustee in accordance with the provisions of the Indenture, the Project Bonds will have been duly authorized, executed, issued and delivered and will constitute legal, valid and binding special obligations of the Issuer in conformity with the provisions of the Act and the Constitution of the State.

(e) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board or body, pending or, to the best of the knowledge of the Issuer, threatened against the Issuer, nor to the best of the knowledge of the Issuer is there any basis therefor, which in any manner questions the validity of the Act, the powers of the Issuer referred to in paragraph (b) above or the validity of any proceedings taken by the Issuer in connection with the issuance of the Project Bonds or wherein any unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Agreement or which, in any way, would adversely affect the validity or enforceability of the Project Bonds, the Indenture, the Purchase Contract, the Remarketing Agreement, the Letter of Representations or this Agreement (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby and hereby).

(f) The execution and delivery by the Issuer of this Agreement, the Project Bonds, the Purchase Contract, the Remarketing Agreement, the Letter of Representations and the Indenture in compliance with the provisions of each of such instruments will not conflict with or constitute a breach of, or default under, any material commitment, agreement or other instrument to which the Issuer is a party or by which it is bound, or under any provision of the Act, the Constitution of the State or any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer is subject.

(g) The Issuer will do or cause to be done all things necessary, so far as lawful, to preserve and keep in full force and effect its existence or to assure the assumption of its obligations under this Agreement, the Indenture, the Remarketing Agreement, the Letter of Representations and the Bonds by any successor public body.

(h) There are no existing liens, claims, charges or encumbrances on or rights to the Pledged Taxes which are senior to, or on a parity with, the claims of the Trustee pursuant to the Indenture and the TIF Resolution. The Issuer has not entered into any contract or arrangements of any kind and there is no existing, pending, threatened or anticipated event or circumstances that might give rise to any lien, claim, charge or encumbrance on or right to the Pledged Taxes which would be prior to, or on a parity with, the claims of the Trustee pursuant to the Indenture and the TIF Resolution. Under current law and procedure, the Issuer is lawfully entitled to receive, pledge and assign the Pledged Taxes as security for the payment of the principal of and interest on the Project Bonds.

(i) Under current law, regulation and procedure, the Issuer is lawfully entitled to receive, pledge and assign the Pledged Taxes as security for the payment of the principal of and interest on the Bonds as more fully set forth in the TIF Resolution.

Section 2.2 Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants that:

(a) The Borrower is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, is duly qualified to conduct business in the State and has full corporate power and authority to execute, deliver and perform this Agreement, the Purchase Contract, the Reimbursement Agreement, the Remarketing Agreement, the Letter of Representations and the Project Note and to enter into and carry out the transactions contemplated by those documents; that execution, delivery and performance do not, and will not, violate any provision of law applicable to the Borrower or its Articles of Incorporation or By-laws and do not, and will not, conflict with or result in a material default under any agreement or instrument to which the Borrower is a party or by which the Borrower is bound. This Agreement, the Purchase Contract, the Reimbursement Agreement, the Remarketing Agreement, the Letter of Representations and the Project Note, by proper corporate action, have been duly authorized, executed and delivered by the Borrower and are valid and binding obligations of the Borrower.

(b) The Project is expected to create jobs and employment opportunities within the jurisdiction of the Issuer, and the Project will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, health, environmental and other applicable governmental rules and regulations and as to be consistent with the Act.

(c) The representations contained in the Tax Certificate (which is incorporated herein by this reference thereto) are true and correct in all material respects and the Borrower will observe the covenants contained therein as fully as if set forth herein.

(d) The Borrower is not in default in the payment of principal of, or interest on, any of the Borrower's indebtedness for borrowed money, or in default under any instrument under which, or subject to which, any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any agreement involving the Borrower that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which default would individually or in the aggregate have a material and adverse effect upon the business or assets of the Borrower or would materially and adversely affect the operation of the Project, the validity of this Agreement, the Purchase Contract, the Reimbursement Agreement, the Remarketing Agreement, the Letter of Representations and the Project Note or the performance of the Borrower's obligations thereunder or the transactions contemplated hereby.

(e) No litigation at law or in equity nor any proceeding before any governmental agency or other tribunal involving the Borrower is pending or, to the knowledge of the Borrower, threatened, in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material and adverse effect upon the business or assets of the Borrower or would materially and adversely affect the operation of the Project, the validity of this Agreement, the Purchase Contract, the Reimbursement Agreement, the Remarketing Agreement, the Letter of Representations and the Project Note or the performance of the Borrower's obligations thereunder or the transactions contemplated hereby.

(f) The Borrower has not made and will not make any changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Project Bonds.

(End of Article II)

ARTICLE III

ISSUANCE OF THE PROJECT BONDS

Section 3.1. Issuance of the Project Bonds; Application of Proceeds. To provide funds to make the Loan for purposes of financing the costs of the Project, the Issuer will issue, sell and deliver the Project Bonds as required by the provisions of the Purchase Contract. The Project Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Project Bonds, and the terms and conditions under which the Project Bonds will be issued, sold and delivered.

The proceeds from the sale of the Project Bonds shall be loaned to the Borrower by depositing such proceeds with the Co-Trustee which shall deposit them in the Construction Fund and thereafter transferring them as provided herein and in the Indenture.

At the request of the Borrower, and for the purposes and upon fulfillment of the conditions specified in the Indenture, the Issuer, in its sole discretion, may provide for the issuance, sale and delivery of Additional Bonds and loan the proceeds from the sale thereof to the Borrower.

Section 3.2. Disbursements from the Construction Fund..

(a) The Issuer has, in the Indenture, authorized and directed the Co-Trustee, provided no Event of Default has occurred and is continuing, to make disbursements from the Construction Fund, to reimburse the Borrower or any person designated by the Borrower for the following:

(i) Costs incurred directly or indirectly for or in connection with the acquisition, construction, improvement, installation or equipping of the Project including, but not limited to, those for preliminary planning and studies, architectural, legal, engineering and supervisory services, labor, services, materials, fixtures, and equipment;

(ii) Premiums attributable to all insurance required to be taken out with respect to the Project, the premium on each surety bond, if any, required with respect to work on the Project, and taxes, assessments and other charges in respect of the Project, that may become due and payable;

(iii) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor, subcontractor, materialman or other agent in respect of any default under any contract relating to the Project;

(iv) Financing, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Project Bonds and the preparation and delivery of this Loan Agreement and related documents, the fees and expenses of the Trustee, Co-Trustee, Registrar and Paying Agent, properly incurred in connection with the execution and delivery of the Indenture and of the Bank in connection with the issuance of the Letter of Credit and the execution and delivery of the Reimbursement Agreement; and

(v) Any other incidental and necessary costs including without limitation, expenses, fees and charges relating to the acquisition, construction, improvement, installation or equipping of the Project; title charges, surveys, commitment fees, appraisal fees and recording fees.

(b) Nothing contained herein permits or shall be construed to permit the expenditure of any moneys in the Construction Fund for, or in reimbursement of payments made for, costs of issuance of the Project Bonds to the extent such costs of issuance exceed 2% of the net proceeds of the Project Bonds allocable to the Project within the meaning of Section 147(g) of the Code or for provision of working capital.

(c) All moneys in the Construction Fund (including moneys earned thereon by investment thereof) remaining after the completion of the acquisition, construction, installation, equipment and improvement of the Project and payment, or provision for payment in full of the costs provided for in the preceding subsections of this Section, then due and payable, shall promptly be (i) paid to the Trustee for deposit into the Bond Fund to be used for the redemption of the Project Bonds, or a portion thereof, at the earliest possible date; provided that amounts approved in writing by the Borrower shall be retained by the Co-Trustee in the Construction Fund for payment of such costs not then due and payable, or (ii) used to acquire, construct, install, improve and equip such additional real and personal property in connection with the Project as are designated by the Authorized Borrower Representative, the acquisition, construction, installation, improvement and equipping of which will be such as is permitted under both the Act and the Code, or (iii) used for a combination of any or all of the foregoing as is provided in such direction.

(d) Disbursements from the Construction Fund for the items described in the foregoing subsections 3.2(a) through (c) shall be in the amount of such items. All disbursements from the Construction Fund for the items described in the foregoing subsections 3.2(a) through (c) shall be made only upon the written order of the Authorized Borrower Representative and the following conditions shall have been satisfied with respect to such disbursement:

(A) There shall have been delivered to the Co-Trustee a certificate of the Authorized Borrower Representative in the form of

Exhibit D attached hereto certifying, with respect to such disbursement, (1) the specific items, amounts and payees thereof, (2) that none of the items for which the disbursement is proposed to be made formed the basis for any disbursement theretofore made from the Construction Fund, (3) that each item for which the disbursement is proposed to be made is or was necessary in connection with the Project, (4) that the items requested qualify for such disbursement under the provisions of subsections (i) through (v) of Section 3.2(a), and (5) that all construction on the Project thereto performed is in accordance with the plans and specifications for the Project; and

(B) There shall be in existence no Event of Default or situation which, upon the giving of notice or the passage of time or both would become an Event of Default;

(e) Should the Borrower be unable to request final disbursement from the Construction Fund as described above prior to a date which is three (3) years from the Closing Date of the Project Bonds, such funds remaining in the Construction Fund shall be considered to be moneys remaining in the Construction Fund after completion of the Project and shall be paid to the Trustee for deposit into the Bond Fund and expended as described in this Section 3.2 unless the Borrower delivers to the Co-Trustee and the Trustee an opinion of Bond Counsel that such treatment is not necessary to retain the tax-exempt status of the Project Bonds.

Section 3.3. Investment of Fund Moneys. At the written or oral request (promptly confirmed in writing) of the Authorized Borrower Representative, any moneys held as part of the Bond Fund (except moneys held in the Bond Fund from draws on the Letter of Credit for purposes of paying the Bonds pursuant to Section 5.03 of the Indenture or defeasing the Project Bonds pursuant to Article IX of the Indenture), the Construction Fund, the Remarketing Reimbursement Fund or the Tax Increment Fund shall be invested or reinvested by the Trustee or the Co-Trustee, as applicable in Eligible Investments. The Issuer and the Borrower each hereby covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Project Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Project Bonds, so that the Project Bonds will not constitute arbitrage bonds under Section 148 of the Code.

The Borrower shall provide the Issuer with, and the Issuer may base its certifications as authorized by the Bond Legislation on, a certificate of the Borrower for inclusion in the transcript of proceedings for the Project Bonds, setting forth the reasonable expectations of the Borrower on the date of delivery of and payment for the Project Bonds regarding the amount and use of the proceeds of the Project Bonds and the facts, estimates and circumstances on which those expectations are based.

Section 3.4. Arbitrage Rebate. The Borrower agrees to compute and make such payments to the United States of America as are required of it under Section 5.11 of the Indenture. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture.

The Borrower covenants to the owners of the Project Bonds that, notwithstanding any other provision of this Agreement or any other instrument, it shall take no action, nor shall the Borrower direct the Trustee or Co-Trustee to take or approve the Trustee's or Co-Trustee's taking any action, or direct the Trustee or Co-Trustee to make or approve the Trustee's or Co-Trustee's making any investment or use of proceeds of the Project Bonds or any other moneys which may arise out of or in connection with this Agreement, the Indenture or the Project, which would cause the Project Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. In addition, the Borrower covenants and agrees to comply with the requirements of Section 148(f) of the Code as it may be applicable to the Project Bonds or the proceeds derived from the sale of the Project Bonds or any other moneys which may arise out of, or in connection with, this Agreement, the Indenture or the Project throughout the term of the Project Bonds. No provision of this Agreement shall be construed to impose upon the Trustee or Co-Trustee any obligation or responsibility for compliance with arbitrage regulations, except as provided in the Indenture.

Section 3.5. Borrower Required to Pay Costs in Event Construction Fund Insufficient. In the event that money in the Construction Fund is not sufficient to pay all costs of providing the Project the Borrower shall, nonetheless, complete the Project in order to fulfill the public purposes of the Act and shall pay all costs of such completion in full from its own funds. The Borrower shall not be entitled to any reimbursement for such completion costs from the Issuer or any Trustee, Co-Trustee, Registrar or Paying Agent, nor shall it be entitled to any abatement, diminution or postponement of Loan Payments.

Section 3.6. Completion Date. The Completion Date of any additions or improvements to the Project shall be evidenced to the Issuer, the Co-Trustee and the Trustee by a certificate signed by the Authorized Borrower Representative substantially in the form attached hereto as Exhibit C, stating:

(a) the date on which the additions or improvements to the Project were substantially complete,

(b) that all other facilities necessary in connection with such additions or improvements have been acquired, constructed, improved, installed and equipped,

(c) that such additions and improvements have been completed in such a manner as to conform with all applicable zoning, planning, building, environmental and other similar governmental regulations,

(d) that all costs of such additions or improvements then due and payable have been paid, and

(e) the amounts which the Co-Trustee should retain in the Construction Fund for the payment of costs not yet due or the liability for which the Borrower is contesting or which otherwise should be retained and the reasons such amounts should be retained.

The Authorized Borrower Representative shall include with such certificate a statement specifically describing all items of personal property and fixtures acquired and installed as part of the Project.

(End of Article III)

ARTICLE IV

LOAN BY ISSUER; REPAYMENT OF THE LOAN;
LOAN PAYMENTS AND ADDITIONAL PAYMENTS

Section 4.1. Loan Repayment; Delivery of Notes. Upon the terms and conditions of this Agreement, the Issuer will make the Loan to the Borrower. In consideration of and in repayment of the Loan, the Borrower shall make, as Loan Payments, payments sufficient in time and amount in collected funds to pay when due all Bond Service Charges, all as more particularly provided in the Project Note and any Additional Note. The Project Note shall be executed and delivered by the Borrower concurrently with the execution and delivery of this Agreement. All Loan Payments shall be paid to the Trustee in accordance with the terms of the Notes for the account of the Issuer and shall be held and applied in accordance with the provisions of the Indenture and this Agreement. To the extent of payments made with respect to Bond Service Charges pursuant to draws upon the Letter of Credit or funds on deposit in the Bond Fund that have been transferred from the Tax Increment Fund, the Borrower shall receive a credit against its obligation to make Loan Payments under this Agreement and the Project Note.

In connection with the issuance of any Additional Bonds, the Borrower shall execute and deliver to the Trustee one or more Additional Notes in a form substantially similar to the form of the Project Note. All such Additional Notes shall:

(a) provide for payments of interest equal to the payments of interest on the corresponding Additional Bonds;

(b) require payments of principal and prepayments and any premium equal to the payments of principal, redemption payments and sinking fund payments and any premium on the corresponding Additional Bonds;

(c) require all payments on any such Additional Notes to be made no later than the due dates for the corresponding payments to be made on the corresponding Additional Bonds; and

(d) contain by reference or otherwise optional and mandatory prepayment provisions and provisions in respect of the optional and mandatory acceleration or prepayment of principal and any premium corresponding with the redemption and acceleration provisions of the corresponding Additional Bonds.

All Notes shall secure equally and ratably all outstanding Bonds, except that, so long as no Event of Default described in paragraph (a), (b), (c), (g) or (h) of Section 7.01 of the Indenture has occurred and is continuing, payments by the Borrower on the Project Note shall be used by the Trustee to reimburse the Bank for drawings on the Letter of Credit used to pay Bond Service Charges on the Project Bonds.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any series of Bonds, whether at maturity or by redemption or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (i) the Notes issued concurrently with those corresponding Bonds, of the same maturity, bearing the same interest rate and in an amount equal to the aggregate principal amount of the Bonds so surrendered and canceled or for the payment of which provision has been made, shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and any such Notes shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (ii) in the event there is only one of those Notes, an appropriate notation shall be endorsed thereon by the Trustee evidencing the date and amount of the principal payment or prepayment equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. The Trustee shall promptly provide the Borrower with a copy of each endorsement notation evidencing a principal payment or prepayment. Unless the Borrower is entitled to a credit under express terms of this Agreement or the Notes, all payments on each of the Notes shall be in the full amount required thereunder.

Except for such interest of the Borrower and the Bank as may hereafter arise pursuant to Section 5.07 or 5.08 of the Indenture, the Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders and, to the extent of amounts due under the Reimbursement Agreement, the Bank.

Section 4.2. Additional Payments. The Borrower shall pay to the Issuer, as Additional Payments hereunder, any and all reasonable costs and expenses incurred or to be paid by the Issuer in connection with the issuance and delivery of the Project Bonds and any Additional Bonds or otherwise related to actions taken by the Issuer under this Agreement or the Indenture.

The Borrower shall pay to the Trustee, the Co-Trustee, the Registrar and any Paying Agent or Authenticating Agent, their reasonable fees, charges and expenses for acting as such under the Indenture.

The Borrower also shall pay the Remarketing Agent reasonable remarketing fees in respect of the Project Bonds as provided in the Remarketing Agreement.

Any payments under this Section not paid when due in the ordinary course shall bear interest at the Interest Rate for Advances.

Section 4.3. Place of Payments. The Borrower shall make all Loan Payments directly to the Trustee at its principal corporate trust office. Additional Payments shall be made directly to the person or entity to whom or to which they are due.

Section 4.4. Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments and any payments required of the Borrower under Section 6.03 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee, the Co-Trustee any Paying Agent or Authenticating Agent, the Remarketing Agent, the Bank or any other Person; provided that the Borrower may contest or dispute the amount of any such obligation (other than Loan Payments) so long as such contest or dispute does not result in an Event of Default under the Indenture.

Section 4.5. Assignment of Agreement and Revenues. To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, all its right, title and interest in and to the Revenues, the Agreement (except for Unassigned Issuer's Rights) and the Project Note. The Borrower hereby agrees and consents to that assignment.

Section 4.6. Letter of Credit. Simultaneously with the initial delivery of the Project Bonds pursuant to the Indenture and the Purchase Contract, the Borrower shall cause the Bank to issue and deliver the Letter of Credit to the Trustee. The Letter of Credit may be replaced by an Alternate Letter of Credit complying with the provisions of Section 5.10 of the Indenture. The Borrower shall take whatever action may be necessary to maintain the Letter of Credit or an Alternate Letter of Credit in full force and effect during the period required by the Indenture. The Borrower shall take whatever action may be necessary to maintain the Letter of Credit or an Alternate Letter of Credit (the issuance of which will not cause a mandatory tender for purchase of the Project Bonds) during any period that the Project Bonds are not subject to optional redemption or are subject to optional redemption at a redemption price in excess of 100% of the principal amount thereof plus accrued interest to the Redemption Date; provided, that the foregoing requirement shall apply only if the Project Bonds were remarketed for such period as if secured by the Letter of Credit. The Borrower shall take whatever action may be necessary to comply with all material terms of the Reimbursement Agreement, including the timely payment to the Bank of all amounts due and payable under the Reimbursement Agreement, and shall not permit an event of default thereunder to occur. In no event, however, shall the provisions of this Section 4.6 be construed to require the Borrower to secure the Project Bonds with a Letter of Credit upon the conversion to the Fixed Interest Rate or the Intermediate Interest Rate.

(End of Article IV)

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Right of Inspection. Subject to reasonable security and safety regulations and upon 48 hours notice, the Trustee, the Co-Trustee and their respective agents, shall have the right during normal business hours to inspect the Project for any purpose relating to the validity of the Project Bonds or the exclusion from gross income of the interest thereon for purposes of federal income taxation.

Section 5.2. Sale, Lease or Grant of Use by Borrower. Subject to the provisions of any agreement to which the Borrower is a party or by which it is bound, the Borrower may sell, lease or grant the right to occupy and use the Project, in whole or in part, to others, provided that:

(a) There shall be delivered to the Trustee an opinion of Bond Counsel addressed to the Trustee, in form and substance reasonably acceptable to the Trustee, to the effect that such sale, assignment or leasing shall not adversely affect the tax- exempt status of the interest payable on the Project Bonds then outstanding or the validity of the Project Bonds under the Act; and

(b) The Borrower shall not be released from its obligations under this Agreement unless the purchaser, assignee, lessee or transferee shall assume in writing all obligations of the Borrower under this Agreement and the Reimbursement Agreement.

Section 5.3. Indemnification. The Borrower releases the Issuer from, agrees that the Issuer shall not be liable for, and shall indemnify the Issuer against, all liabilities, claims, costs and expenses, including attorneys fees and expenses, imposed upon, incurred or asserted against the Issuer by reason of the Issuer's capacity as issuer of the Project Bonds and in connection with this Agreement on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the construction, maintenance, operation and use of the Project; (b) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under this Agreement, the Reimbursement Agreement, the Project Note or any related document, or arising from any act or failure to act by the Borrower, or any of the Borrower's agents, contractors, servants, employees or licensees; (c) the authorization, issuance, sale, trading, redemption or servicing of the Project Bonds, and the provision of any information or certification furnished in connection therewith concerning the Project Bonds, the Project or the Borrower including, without limitation, the Preliminary Official Statement and the Official Statement (each as defined in the Purchase Contract), any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, and any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Project Bonds from gross income of the Holders thereof for federal income tax purposes; (d) the Borrower's failure to comply with any requirement of this

Agreement, the Code pertaining to such exclusion of that interest, including the covenants in Section 5.4 hereof; and (e) any claim, action or proceeding brought with respect to the matters set forth in (a), (b), (c), or (d) above.

The Borrower agrees to indemnify the Trustee and the Co-Trustee, respectively, for, and to hold them harmless against, all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee or the Co-Trustee on account of any action taken or omitted to be taken by the Trustee or the Co-Trustee in accordance with the terms of this Agreement, the Bonds, the Reimbursement Agreement, the Letter of Credit, the Notes or the Indenture, or any action taken at the request of or with the consent of the Borrower, including the costs and expenses of the Trustee or the Co-Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Agreement, the Bonds, the Indenture, the Reimbursement Agreement, the Letter of Credit or the Notes.

In case any action or proceeding is brought against the Issuer, the Co-Trustee or the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Borrower from any of the Borrower's obligations under this Section unless that failure materially prejudices the defense of the action or proceeding by the Borrower. The Issuer, the Co-Trustee and the Trustee agree to reasonably cooperate in good faith with the Borrower's defense of any such action or defense. An indemnified party may employ separate counsel and participate in the defense, if such indemnified party is advised in a written opinion of counsel that there may be legal defenses available to such indemnified party which are adverse to or in conflict with those available to the Borrower, or that the defense of such indemnified party should be handled by separate counsel under applicable standards of attorney ethics, the Borrower shall be responsible for the reasonable fees and expenses of counsel retained by such indemnified party in assuming its own defense; provided that the counsel selected is approved by Borrower, which approval shall not be unreasonably withheld. The Borrower shall not be liable for any settlement made without the Borrower's consent.

The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers and employees of the Issuer by reason of the Issuer's capacity as issuer of the Project Bonds and in connection with this Agreement, the Co-Trustee and the Trustee, respectively. That indemnification is intended to and shall be enforceable by the Issuer, the Co-Trustee and the Trustee, respectively, to the full extent permitted by law. Notwithstanding anything herein, no indemnity shall be required hereunder for damages that result from the gross negligence or willful misconduct on the part of the party seeking indemnity.

Section 5.4. Borrower Not to Adversely Affect Exclusion from Gross Income of Interest on Project Bonds. The Borrower hereby represents that the Borrower has taken and caused to

be taken, and covenants that the Borrower will take and cause to be taken, all actions that may be required of the Borrower, alone or in conjunction with the Issuer, for the interest on the Project Bonds to be and remain excluded from gross income for federal income tax purposes, and represents that the Borrower has not taken or permitted to be taken on the Borrower's behalf, and covenants that the Borrower will not take or permit to be taken on the Borrower's behalf, any actions that would adversely affect such exclusion under the provisions of the Code. The Borrower hereby expressly incorporates herein the representative covenants and warranties found in its Tax Certificate.

Section 5.5. Assignment by Issuer. Except for the assignment of this Agreement to the Trustee and the Co-Trustee, the Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or this Agreement or create any pledge or lien of any form or nature with respect to the Revenues or the payments hereunder.

Section 5.6. Borrower's Performance Under Indenture. The Borrower has examined the Indenture and approves the form and substance of, and agrees to be bound by, its terms. The Borrower, for the benefit of the Issuer and each Bondholder, shall do and perform all acts and things required or contemplated in the Indenture to be done or performed by the Borrower. The Borrower is a third party beneficiary of certain provisions of the Indenture, and Section 8.05 of the Indenture is hereby incorporated herein by reference.

(End of Article V)

ARTICLE VI

REDEMPTION OF PROJECT BONDS

Section 6.1. Optional Redemption. At any time in the case of an optional redemption of the Project Bonds in whole, or provided no Event of Default shall have occurred and be continuing in the case of a partial optional redemption of the Project Bonds, the Borrower may deliver moneys to the Trustee in addition to Loan Payments or Additional Payments required to be made and direct the Trustee to use the moneys so delivered for the purpose of purchasing Project Bonds or of reimbursing the Bank for drawings on the Letter of Credit used to redeem Project Bonds called for optional redemption in accordance with and subject to the limitations set forth in the applicable provisions of the Indenture.

Section 6.2. Extraordinary Optional Redemption. The Borrower shall have, subject to the conditions hereinafter imposed, the option to direct the redemption of the entire unpaid principal balance of the Project Bonds in accordance with the applicable provisions of the Indenture upon the occurrence of any of the following events:

(a) The Project shall have been damaged or destroyed to such an extent that (1) it cannot reasonably be expected to be restored, within a period of nine months, to the condition thereof immediately preceding such damage or destruction or (2) its normal use and operation is reasonably expected to be prevented for a period of nine consecutive months;

(b) Title to, or the temporary use of, all or a significant part of the Project shall have been taken under the exercise of the power of eminent domain (1) to such extent that the Project cannot reasonably be expected to be restored within a period of nine months to a condition of usefulness comparable to that existing prior to the taking or (2) as a result of the taking, normal use and operation of the Project is reasonably expected to be prevented for a period of nine consecutive months;

(c) As a result of any changes in the Constitution of the State, the constitution of the United States of America, or state or federal laws, or as a result of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Issuer, the Trustee or the Borrower in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in this Agreement, or if unreasonable burdens or excessive liabilities shall have been imposed with respect to the Project or the operation thereof, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement other than ad valorem taxes presently levied upon privately owned property used for the same general purpose as the Project; or

(d) Changes in the economic availability of raw materials, operating supplies, energy sources or supplies, or facilities (including, but not limited to, facilities in connection with the disposal of industrial wastes) necessary for the operation of the Project shall have occurred or technological or other changes shall have occurred which in the Borrower's reasonable judgment render the operation of the Project uneconomic.

The Borrower also shall have the option, in the event that title to or the temporary use of a portion of the Project shall be taken under the exercise of the power of eminent domain, even if the taking is not of such nature as to permit the exercise of the redemption option upon an event specified in clause (b) above, to direct the redemption, at a redemption price of 100% of the principal amount thereof prepaid, plus accrued interest to the redemption date, of that part of the outstanding principal balance of the Project Bonds as may be payable from the proceeds received by the Borrower (after the payment of costs and expenses incurred in the collection thereof) in the eminent domain proceeding, provided that any such optional redemption shall be in a principal amount of $5,000 or any integral multiple thereof, and provided further that the Borrower shall furnish to the Issuer and the Trustee a certificate of an Engineer stating that (1) the property comprising the part of the Project taken is not essential to continued operations of the Project in the manner existing prior to that taking, (2) the Project has been restored to a condition substantially equivalent to that existing prior to the taking, or (3) other improvements have been acquired or made which are suitable for the continued operation of the Project.

To exercise any option under this Section, the Borrower within 90 days following the event authorizing the exercise of that option, or at any time during the continuation of the condition referred to in clause (d) of the first paragraph of this Section, shall give notice to the Issuer and to the Trustee specifying the date of redemption, which date shall be not more than ninety days from the date that notice is mailed, and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

The rights and options granted to the Borrower in this Section may be exercised whether or not the Borrower is in default hereunder; provided, that such default will not relieve the Borrower from performing those actions which are necessary to exercise any such right or option granted hereunder.

Section 6.3. Mandatory Redemption of Project Bonds. If, as provided in the Project Bonds and the Indenture, the Project Bonds become subject to mandatory redemption for any reason the Borrower shall deliver or cause to be delivered to the Trustee, upon the date requested by the Trustee, moneys sufficient to pay in full the Project Bonds in accordance with the mandatory redemption provisions relating thereto set forth in the Indenture.

Section 6.4. Actions by Issuer. At the request of the Borrower or the Trustee, the Issuer shall take all steps required of it under the applicable provisions of the Indenture or the Bonds to effect the redemption of all or a portion of the Bonds pursuant to this Article VI.

Section 6.5. Required Deposits for Optional Redemption. Except with the prior written consent of the Bank, if required pursuant to the Reimbursement Agreement, the Trustee shall not give notice of call to the Holders pursuant to the optional redemption provisions of Section 4.01 of the Indenture and Sections 6.1 and 6.2 hereof unless prior to the date by which the call notice is to be given there shall be on deposit with the Trustee funds, which, assuming no Event of Default pursuant to Section 7.1(b) hereof will occur prior to the date fixed for redemption, on the date fixed for redemption will constitute Eligible Funds, sufficient to redeem at the redemption price thereof, including interest accrued to the redemption date and premium, if any, all Project Bonds for which notice of redemption is to be given.

All amounts paid by the Borrower pursuant to this Article which are used to pay principal of, premium, if any, or interest on the Bonds, or to reimburse the Bank for moneys drawn under the Letter of Credit and used for such purposes, shall constitute prepaid Loan Payments. No moneys drawn under the Letter of Credit shall be used to pay any portion of the premium on the Project Bonds.

(End of Article VI)

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an Event of Default:

(a) The Borrower shall fail to observe and perform any material agreement, term or condition contained in this Agreement, and the continuation of such failure for a period of 60 days after notice thereof shall have been given to the Borrower by the Trustee, or for such longer period as the Trustee may agree to in writing (which agreement shall not be reasonably withheld); provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion; and provided further that no such failure shall constitute an Event of Default solely because it results in a Determination of Taxability;

(b) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property;

(c) There shall occur an "Event of Default" as defined in Section 7.01 of the Indenture.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (a) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within the Borrower's discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections;

civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (b) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default. Subject to the provisions of Section 7.6 hereof, whenever an Event of Default shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) If and only if acceleration of the principal amount of the Bonds has been declared pursuant to Section 7.03 of the Indenture, the Trustee shall declare all Loan Payments and Notes to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Bank or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; and

(c) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement, the Letter of Credit or the Notes or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, the Issuer shall not be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer at no cost or expense to the Issuer. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 5.08 of the Indenture for transfers of remaining amounts in the Revenue Fund and the Bond Fund.

The provisions of this section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, the Letter of Credit or any Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including attorneys' fees, in connection with the enforcement of this Agreement, the Letter of Credit or any Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the reasonable expenses so incurred upon demand.

Section 7.5. No Waiver. No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Remedies Subject to Bank's Direction. Except in the case of an Event of Default pursuant to Section 7.01(g) or (h) of the Indenture, the Bank shall have the right to direct the remedies to be exercised by the Trustee, whether under Article VII of this Agreement or under Article VII of the Indenture.

(End of Article VII)

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Term of Agreement. This Agreement shall be and remain in full force and effect from the date of initial delivery of the Project Bonds until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Agreement and the Notes shall have been paid, except for obligations of the Borrower under Sections 3.4, 4.2 and 5.3 hereof, which shall survive any termination of this Agreement.

Section 8.2. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by first class mail, postage prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Remarketing Agent, the Co-Trustee or the Trustee shall also be given to the others. The Borrower, the Issuer, the Remarketing Agent, the Co-Trustee and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.3. Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Agreement or the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than his official capacity, and neither the Common Council members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Indenture.

Section 8.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower and their respective successors and assigns; provided that this Agreement may not be assigned by the Borrower (except pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.5. Amendments and Supplements. Except as otherwise expressly provided in this Agreement, any Note or the Indenture, subsequent to the issuance of the Project Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Agreement or any Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the applicable provisions of Article XI of the Indenture.

Section 8.6. Execution Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.7. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein, is determined by a court of competent jurisdiction to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.8. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.9. Act Promptly. The Issuer and the Borrower each agree to act promptly in taking any action required to be taken on its part in accordance with the terms of this Agreement.

(End of Article VIII)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed in their respective names, all as of the date first above written.

CITY OF HAMMOND, INDIANA

By: /s/ Duane W. Dedelow, Jr.

Duane W. Dedelow, Jr., Mayor

(SEAL)

Attest:

/s/ Gerald Bobos

Gerald Bobos, Clerk

LEAR SEATING CORPORATION

By: /s/ Donald J. Stebbins

Donald J. Stebbins, Vice President

EXHIBIT A

PROJECT NOTE

$9,500,000 July 1, 1994

Lear Seating Corporation, a Delaware corporation (the "Borrower"), for value received, promises to pay to NBD Bank, N.A., Indianapolis, Indiana as trustee (the "Trustee") under the Indenture hereinafter referred to, the principal sum of

Nine Million Five Hundred Thousand Dollars
($9,500,000)

and to pay (i) interest on the unpaid balance of such principal sum from and after the date of this Note at the interest rate borne by the Project Bonds from time to time and (ii) interest on overdue principal, and to the extent permitted by law, on overdue interest, at the interest rate provided under the terms of the Project Bonds.

This Note has been executed and delivered by the Borrower pursuant to a certain Loan Agreement (the "Agreement"), dated as of July 1, 1994, between the City of Hammond, Indiana (the "Issuer") and the Borrower. Terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and the Indenture, as defined below.

Under the Agreement, the Issuer has loaned the Borrower the proceeds received from the sale of the $9,500,000 aggregate principal amount of City of Hammond, Indiana Adjustable Rate Economic Development Revenue Bonds of 1994 (Lear Seating Corporation Project), dated the date of their initial delivery (the "Project Bonds"), to be applied to the acquisition, construction and equipping of a manufacturing facility located in Hammond, Indiana. The Borrower has agreed to repay such loan by making Loan Payments at the times and in the amounts set forth in this Note. The Project Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Trust Indenture (the "Indenture"), dated as of July 1, 1994, among the Issuer, the Trustee and Calumet National Bank, as Co-Trustee.

To provide funds to pay the Bond Service Charges on the Project Bonds as and when due, or to reimburse the Bank for draws under the Letter of Credit to make such payments, the Borrower hereby agrees to and shall make Loan Payments as follows: on each Interest Payment Date the amount equal to interest due on the Project Bonds on such Interest Payment Date, and on each July 1 the amount equal to the principal due and payable on the Project Bonds on such date (if any) pursuant to the Indenture or upon maturity of the Project Bonds (each such day being a "Loan Payment Date"). In addition, to provide funds to pay the Bond Service Charges on the Project Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments on any other date on which any Bond Service Charges on the Project

Bonds shall be due and payable, whether at maturity, upon acceleration, call for redemption or otherwise.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Project Bonds from moneys other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bond Service Charges has been made. The Borrower shall receive a credit against its obligation to make Loan Payments hereunder to the extent of the moneys delivered to the Trustee under and pursuant to the Letter of Credit and any other amounts on deposit in the Bond Fund and available to pay Bond Service Charges on the Project Bonds pursuant to the Indenture, including the Pledged Taxes. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be payable in lawful money of the United States of America and shall be made to the Trustee in immediately available funds at its corporate trust office for the account of the Issuer, deposited in the Bond Fund and used as provided in the Indenture.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee, the Co- Trustee, the Remarketing Agent, the Bank or any other person.

This Note is subject to optional, extraordinary optional and mandatory prepayment, in whole or in part, upon the same terms and conditions, on the same dates and at the same prepayment prices, and subject to the same limitations as the Project Bonds are subject to optional, extraordinary optional and mandatory redemption. Any optional or extraordinary optional prepayment is also subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default under Section 7.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 7.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note also shall be due and payable on the date on which the principal of and premium and interest on the Project Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

IN WITNESS WHEREOF, the Borrower has signed this Note as of July 1, 1994.

LEAR SEATING CORPORATION

By: ----------
Donald J. Stebbins, Vice President

EXHIBIT B

DESCRIPTION OF PROJECT

The Project will consist of an approximate 98,600 square foot manufacturing and assembly facility housed in a structure approximately 580 feet by 170 feet. Offices will be housed in an adjacent 40 foot by 210 foot structure consisting of approximately 12,760 square feet. The manufacturing/assembly facility will have an approximate 20 to 22 foot ceiling access and 19 truck loading docks. A ring road will encircle the entire Plant to provide access for incoming and outgoing trucks. An on-site parking lot will have parking spaces for approximately 220 cars and 15 trailers. Estimated cost of constructing the Plant is approximately $3.8 million. Estimated investment for machinery and equipment to be located at the Plant is approximately $5.62 million.

EXHIBIT C

COMPLETION CERTIFICATE

To: Calumet National Bank, Co-Trustee

and NBD Bank, N.A., Trustee

City of Hammond, Indiana, Issuer

From: Authorized Borrower Representative

Subject: $9,500,000 City of Hammond, Indiana Adjustable Rate Economic Development Revenue Bonds (Lear Seating Corporation Project)

The undersigned hereby certifies in connection with the Project, financed with the proceeds of the above-described Project Bonds issued by the City of Hammond, Indiana (the "Issuer") pursuant to the Trust Indenture dated as of July 1, 1994 (the "Indenture") among the Issuer, NBD Bank, N.A. (the "Trustee") and Calumet National Bank (the "Co-Trustee"), the proceeds of which have been loaned to Lear Seating Corporation (the "Borrower") pursuant to the Loan Agreement between the Borrower and the Issuer dated as of July 1, 1994 (the "Loan Agreement") (words capitalized herein have the meaning ascribed to them in the Loan Agreement):

1. The acquisition, improvement, construction, installation and equipping of the Project was substantially completed as of _____, 19_____ (the "Completion Date").

2. All other facilities necessary in connection with the Project have been acquired, constructed, improved, installed and equipped.

3. The Project has been completed in such manner as to conform with all applicable zoning, planning, building, environmental, food handling and other similar governmental regulations.

4. All costs of the Project have been paid in full except for those not yet due and payable or being contested, which are described below and for which money for payment thereof is being held and should be retained in the Construction Fund:

(a) Costs of the Project not yet due and payable:

Description	Amount

(b) Payments being contested:

Description	Amount

5. The money in the Construction Fund in excess of the total set forth in 4(a) and (b) above represents the surplus proceeds of the Project Bonds and the Co-Trustee under the Indenture is hereby authorized and directed to transfer such money to the Trustee for deposits of such money to the Bond Fund to be used to redeem the principal amount of outstanding Project Bonds at the earliest possible time.

6. Attached hereto is a statement of the Authorized Borrower Representative listing and specifically describing all items of personal property and fixtures acquired and installed as part of the Project.

This certificate is given without prejudice to any rights against third parties which exist at the date hereof or which may subsequently come into being.

Authorized Borrower Representative

Date: ----------, 19 -------

EXHIBIT D

FORM OF DISBURSEMENT REQUEST

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS
FROM CONSTRUCTION FUND PURSUANT TO SECTION 3.2 OF THE
LOAN AGREEMENT BETWEEN THE CITY OF HAMMOND, INDIANA
AND LEAR SEATING CORPORATION

Pursuant to Section 3.2 of the Loan Agreement (the "Agreement") between the City of Hammond, Indiana (the "Issuer") and Lear Seating Corporation (the "Borrower") dated as of July 1, 1994, the undersigned Authorized Borrower Representative hereby requests and authorizes Calumet National Bank, as co-trustee (the "Co-Trustee"), as depository of the Construction Fund created by the Indenture to pay to the Borrower or to the person(s) listed on the Disbursement Schedule attached hereto as Exhibit A out of the moneys deposited in the Construction Fund the aggregate sum of $9,500,000 to pay such person(s) or to reimburse the Borrower in full, as indicated on Exhibit A, for advances, payments and expenditures made by it in connection with the items listed on Exhibit A.

Amount Requested:

Total Disbursements to Date:

1. Each obligation for which a disbursement is hereby requested is described in reasonable detail in Exhibit A hereto together with the name and address of the person, firm or corporation to whom payment is due.

2. The bills, invoices or statements of account for each obligation referenced in Exhibit A are attached hereto as Exhibit B.

3. The Borrower hereby certifies that:

(a) each obligation referenced in Exhibit A has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursement;

(b) the expenditure of the amount requested under this Requisition, when added to all disbursements under previous Requisitions, will result in at least ninety-five percent (95%) of the total of such disbursements, having been used (i) for the acquisition, construction, reconstruction or improvement of land or property of a

character subject to the allowance for depreciation under the Code, or (ii) for payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such amounts and are to be used for qualified purposes. (For purposes of this paragraph, expenses incurred in connection with the issuance of the Project Bonds shall not be included as a Project expense which would count toward the representation of having used 95% of the total of such disbursement for the stated purposes).

(c) no Event of Default has occupied and is continuing under the hereinafter mentioned Loan Agreement.

(d) each obligation referenced in Exhibit A which is an expense incurred in the issuance of the Bonds, when added to all disbursements under previous Requisitions for expense incurred in the issuance of the Bonds, does not exceed an amount equal to 2% of the face amount of the Bonds allocable to the Project.

4. The Bank's approval of this requested disbursement from the Construction Fund is not required under the Reimbursement Agreement with the Bank.

5. All capitalized terms herein shall have the meanings assigned to them in the Loan Agreement dated as of July 1, 1994, between the City of Hammond, Indiana and Lear Seating Corporation.

LEAR SEATING CORPORATION

By:

Dated:

EXHIBIT A

DISBURSEMENT SCHEDULE NO. --------

	Payee	TIN	Address	Purpose for Disbursement	Amount
1.					
2.					
3.					
4.					
5.					
6.					

	TOTAL				$ ----------

EXHIBIT 10.28

LEAR SEATING CORPORATION

PENSION EQUALIZATION PROGRAM

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1. PREAMBLE

An investor group purchased Lear Siegler Seating Corporation on September 30, 1988 from Lear Seating Diversified Holdings Corporation. Lear Siegler Seating Corporation was subsequently renamed Lear Seating Corporation. At the time of the purchase, certain highly paid employees of Lear Siegler Seating Corporation were covered by a nonqualified deferred compensation plan known as the Supplemental Pension Plan for Officers of Lear Siegler, Inc.

Following this purchase, the board of directors of Lear Seating Corporation voted not to continue the Supplemental Pension Plan For Officers Of Lear Siegler, Inc. as that plan applied to its employees. In accordance with section 6.2 of the Supplemental Pension Plan For Officers Of Lear Siegler, Inc., the board of directors voted to terminate that plan with respect to employees of Lear Seating Corporation and its subsidiaries. As a result of this plan termination, the rights of all employees (with the sole exception of Kenneth Way) under that plan were completely extinguished.

Effective January 1, 1995, Lear Seating Corporation established the Lear Seating Corporation Pension Equalization Program. This Plan

is not a successor to the Supplemental Pension Plan For Officers Of Lear Siegler, Inc. The rights of employees under this Plan are determined without regard to that plan.

2. PURPOSE OF PLAN

The Qualified Pension Plan is designed to provide a certain level of retirement income for employees of Lear Seating. However, the Qualified Pension Plan is subject to certain rules in the Internal Revenue Code that restrict the level of retirement income that can be provided to certain higher paid employees under that plan. The purpose of the Plan is to supplement the pensions of higher paid employees under the Qualified Pension Plan to the extent these pensions are subject to these legal restrictions, thereby providing these employees with a level of retirement income comparable to that of other employees. The board of directors believes that these pension supplements are necessary in order to recruit and retain senior executives.

3. ELIGIBILITY

An employee of Lear Seating is eligible for a benefit under the Plan if the employee satisfies all the requirements described in this section.

(a) RETIREMENT AFTER 1994 The employee must separate from service with Lear Seating after December 31, 1994, after completing 20 years of service and after satisfying the requirements for early, normal or disability retirement under the Qualified Pension Plan.

(b) PARTICIPANT IN QUALIFIED PENSION Plan The employee must have a vested right to an accrued benefit under the Qualified Pension Plan.

(c) MEMBER OF TOP HAT GROUP The employee must be a highly compensated employee or member of management whose annual compensation exceeds $150,000 and who belongs to the "top hat group" as defined in the Employee Retirement Income Security Act of 1974.

(d) DESIGNATED BY BOARD OF DIRECTORS The employee must be designated by the Compensation Committee of the Board of Directors of Lear Seating as eligible for the Plan.

4. VESTING

An employee has a vested right to a benefit under the Plan as provided in this section. If an employee separates from service with Lear Seating before vesting, the employee forfeits any right to a benefit under the Plan.

(a) 20 YEARS OF SERVICE An employee has a vested right to a benefit under the Plan as of the date the employee completes 20 years of service with Lear Seating or Lear Siegler, Inc. Years of service are calculated in the same manner as under the Qualified Pension Plan.

(b) ELIGIBILITY FOR RETIREMENT An employee with less than 20 years of service has a vested right to a benefit under the Plan as of the date the employee satisfies the requirements for early, normal or disability retirement under the Qualified

Pension Plan, except that the employee has not separated from service with Lear Seating.

(c) CRIMINAL MISCONDUCT An employee who has vested forfeits any right to a benefit under the Plan if Lear Seating terminates the employee because of fraud, embezzlement, misappropriation or other criminal misconduct involving moral turpitude committed in connection with employment with Lear Seating.

5. PENSION SUPPLEMENT
An employee's benefit under the Plan is a pension supplement equal to the difference between the employee's actual vested accrued pension benefit under the Qualified Pension Plan and the pension benefit the employee would have accrued under the Qualified Pension Plan if the Qualified Pension Limits were disregarded.

6. SUPPLEMENTAL PRERETIREMENT DEATH BENEFIT
A supplemental preretirement death benefit is paid to a surviving spouse who is eligible for a preretirement surviving spouse benefit under the Qualified Pension Plan. This death benefit is paid only if,

upon the death of the employee, the following requirements have been met:

(a) death occurs subsequent to the employee becoming eligible for Plan participation pursuant to Section 3,

(b) death occurs subsequent to December 31, 1994,

(c) death occurs prior to the employee's date of retirement under the Qualified Pension Plan, and

(d) death occurs while the employee is actively employed by Lear Seating.

The supplemental preretirement death benefit is equal to the difference between the actual preretirement surviving spouse benefit under the Qualified Pension Plan and the preretirement surviving spouse benefit that would be available under the Qualified Pension Plan if the Qualified Pension Limits were disregarded.

7. SUPPLEMENTAL POST RETIREMENT DEATH BENEFIT

A supplemental post retirement death benefit is paid to any individual who is a surviving spouse of an employee who is eligible for the Plan and who is eligible for a survivor's benefit under the Qualified Pension Plan. The supplemental post retirement death benefit is equal to the difference between the actual survivor's benefit under the Qualified Pension Plan and the survivor's benefit that would be available under the Qualified Pension Plan if the Qualified Pension Limits were disregarded.

8. TIME OF PAYMENT

An individual's benefit under the Plan is paid at the same time as the individual's benefit is paid under the Qualified Pension Plan. However, an employee electing to retire before age 65 under the Qualified Pension Plan must provide Lear Seating with written notice of such election at least 18 months prior to such retirement date.

9. FORM OF PAYMENT
An individual's benefit under the Plan is paid in the same form as the individual's benefit under the Qualified Pension Plan. However, Lear Seating may, in its discretion, elect to pay any benefit under the Plan in a single lump sum that is the actuarial equivalent of the benefit. Actual equivalence is determined using the GAM 1983 mortality table (adjusted to reflect a 50% male and 50% female population) and the annual interest rate on 30-year Treasury securities for the month prior to the month of distribution.

10. INCOME TAX TREATMENT
This Plan is intended to be a nonqualified plan of deferred compensation under which the benefits are not subject to income tax until the year actually paid to employees.

11. SOCIAL SECURITY/MEDICARE PAYROLL TAXES
Benefits under the Plan are wages for purposes of social security and medicare payroll taxes. Benefits are subject to payroll taxes in the year employees accrue the right to the benefit or, if later, vest in the benefits.

12. INCOME TAX WITHHOLDING
Lear Seating shall deduct from all payments under the Plan the amount of federal and state income taxes it is required to withhold.

13. FUNDING
The Plan is not funded. The liability for benefits under the Plan consists of an entry in Lear Seating's financial records. Payments to employees and beneficiaries are made in cash from Lear Seating's general assets. In the event Lear Seating seeks protection under the federal bankruptcy laws, all persons are unsecured general creditors of Lear Seating with respect to benefits derived from the Plan. Lear Seating may in its discretion fund its liabilities with respect to the Plan through a Rabbi Trust.

14. ERISA STATUS
The Plan is an unfunded promise to pay deferred compensation. It is not intended to comply with section 401(a) of the Internal Revenue Code. Participation in the Plan is limited to a select group of management and highly compensated employees and the Plan is intended to qualify for the top hat exemptions contained in sections

201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974.

15. ASSIGNMENT

Except to the extent required by law, Lear Seating will not recognize any assignment, pledge, collateralization or attachment of benefits under the Plan.

16. EMPLOYMENT RIGHTS

The Plan is not an employment contract and it creates no right in any person to continue employment with Lear Seating for any length of time.

17. PLAN ADMINISTRATOR

The Employee Benefits Committee of Lear Seating is the plan administrator. Lear Seating has the authority to do all things necessary to administer the Plan, including construing its language and determining eligibility for benefits. Lear Seating has the authority to equitably adjust employees' rights under the Plan or the amount of an employee's benefit. Lear Seating may adopt any rules necessary to administer the Plan which are not inconsistent with its

terms. The board of directors may delegate the authority to administer the Plan.

18. INCOMPETENT PERSONS
If Lear Seating finds that any person entitled to a benefit under the Plan is unable to manage his or her affairs because of legal incompetence, Lear Seating, in its discretion, may pay the benefit due to such person to an individual deemed by Lear Seating to be responsible for the maintenance of such person. Any such payment constitutes a complete discharge of the Lear Seating's liability under the Plan.

19. EXPENSES
Lear Seating is responsible for the cost of administering the Plan.

20. AMENDMENT/TERMINATION OF THE PLAN
Lear Seating may amend or terminate the Plan by resolution of its board of directors or any duly authorized committee of the board at any time. An amendment or plan termination cannot reduce or eliminate the benefits employees have accrued under the Plan as of the date of the amendment is executed or the date the Plan is terminated.

21. PLAN SURVIVES CHANGE IN CONTROL

The obligations of Lear Seating under the Plan are binding on any organization succeeding to substantially all the assets and/or business of Lear Seating by sale or otherwise. Lear Seating is obligated under the Plan to make appropriate provision for the preservation of employees' rights under any agreement or plan which it may enter into or that effects a merger, consolidation, reorganization, reincorporation, change of name or transfer of company assets.

22. GOVERNING LAW

The validity and construction of the Plan is governed by the laws of the State of Michigan, without giving effect to the principles of conflicts of law.

23. CONSTRUCTION

The following principles apply to the construction of the Plan.

(a) The plan administrator shall, in its discretion, construe the language of the Plan and resolve all questions concerning the administration and the interpretation of the Plan document.

(b) In the event any provision of the Plan is declared invalid, in whole or in part, by any legal authority, the remaining provisions of the Plan are unaffected and remain in full force and effect.

(c) A provision of the Plan which is invalid in any jurisdiction remains in effect and is enforceable in all jurisdictions in which the provision is valid.

(d) Lear Seating may, in its discretion, construe a provision of the Plan which is declared to be invalid in such a manner that it is valid.

24. CLAIMS PROCEDURE

The claims procedure set forth in this paragraph is the exclusive method of resolving disputes that arise under the Plan.

(a) Written Claim Any claim that a person makes under the Plan must be in writing. All claims must be submitted to Lear Seating within six months of the date on which the claimant

contends he or she first had a right to receive a benefit under the Plan.

(b) DENIAL OF CLAIM Where Lear Seating denies a claim, in whole or in part, it must furnish the claimant with a written notice of the denial setting forth the following information, in a manner calculated to be understood by the claimant.

(1) A statement of the specific reasons for the denial of the claim.

(2) References to the specific provisions of the Plan on which the denial is based.

(3) A description of any additional material or information necessary to perfect the claim with an explanation of why such material or information is necessary.

(4) An explanation of the claims review procedure with a statement that the claimant must request review of the decision denying the claim within 90 days following the

date on which such notice was received by the claimant.

The written notice of denial must be mailed to the claimant within 90 days following the date on which the claim was received by Lear Seating. If special circumstances require an extension of time for processing a claim, the written notice may be mailed to the claimant not more than 180 days following the date on which the claim was received by Lear Seating. Within the initial 90 day period, the claimant must be notified in writing of the extension, of the special circumstances requiring the extension and of the date by which the claimant will be furnished with written notice of the decision concerning the claim.

(c) REVIEW OF DENIAL The claimant may request review of the denial of a claim. A request for review must be mailed to Lear Seating within 90 days of the date on which the written notice of denial is received by the claimant and must set forth the following information.

(1) The date on which the notice of denial of the claim was received by the claimant.

(2) The specific portions of the denial of the claim that the claimant disputes.

(3) A statement by the claimant setting forth the basis upon which the claimant believes Lear Seating should reverse the denial of the claim for benefits under the Plan.

(4) Written material (included as exhibits) that the claimant desires Lear Seating to examine.

(d) DECISION ON REVIEW Lear Seating must afford the claimant an opportunity to review documents pertinent to the claim and must conduct a full and fair review of the claim and its denial. Lear Seating's decision on review must be furnished to the claimant in writing in a manner calculated to be understood by the claimant. The decision must include a statement of the reasons for the decision with references to the specific

provisions of the Plan upon which the decision is based. The decision on review must be mailed to the claimant within 90 days following the date on which the request for review is received by Lear Seating. If special circumstances require an extension of time to consider a request for review, Lear Seating's written review of the claim may be mailed to the claimant not more than 180 days after Lear Seating received the request for review. Within the initial 90 day period, Lear Seating must notify the claimant in writing of the extension, the special circumstances requiring the extension and of the date by which the claimant will be furnished with written notice of the decision reviewing the claim.

(e) TRANSMISSION OF DOCUMENTS All written documents required by these claim procedures must be sent by first-class certified mail (return receipt requested) through the United States Postal Service. The date on which any document is mailed is determined by the postmark affixed to the document by the United States Postal Service. The date on which any document is received is determined by the date on the signed receipt for certified mail. Notices to a claimant must be mailed

to the claimant's last known address. Notices to Lear Seating must be mailed to:

Vice President of Human Resources
Lear Seating Corporation
21557 Telegraph Road
Southfield, Michigan 48034

25. DEFINITIONS

(a) LEAR SEATING Lear Seating Corporation.

(b) PLAN The Lear Seating Corporation Pension Equalization Program.

(c) QUALIFIED PENSION LIMITS The qualified pension limits are the restriction on compensation that can be taken into account under tax qualified pension plans is in section 401(a)(17) of the Internal Revenue Code and the annual dollar limit on pensions that can accrue under tax qualified pension plans is in section 415 of the Internal Revenue Code. Such amounts are adjusted from time to time by the Commissioner of Internal Revenue to reflect increases in the cost of living.

(d) QUALIFIED PENSION PLAN The Lear Seating Corporation Pension Plan.

EXECUTION

WHEREFORE, Lear Seating Corporation has executed the Plan on the day of _____, 1995.

LEAR SEATING CORPORATION

By

Its

ATTEST:

_____

END

Exhibit 11.1

COMPUTATION OF NET INCOME (LOSS) PER SHARE
(in millions, except share information)

	For the Year Ended December 31, 1994		For the Year Ended December 31, 1993		For the Six Months Ended December 31,1993	
	Primary	Fully Diluted	Primary	Fully Diluted(3)	Primary	Fully Diluted(3)
Income (loss) before extraordinary items	$ 59.8	$ 59.8	$ (2.1)	$ (2.1)	$ (23.0)	$ (23.0)
Extraordinary items	0.0	0.0	(11.7)	(11.7)	(11.7)	(11.7)
Net income (loss)	$ 59.8	$ 59.8	$ (13.8)	$ (13.8)	$ (34.7)	$ (34.7)
Weighted Average Shares:						
Common shares outstanding	42,602,167	42,602,167	35,500,014	35,500,014	35,500,014	35,500,014
Exercise of stock options(1)	3,321,954	3,443,913	-	2,801,372	-	2,801,372
Exercise of warrants(2)	1,514,356	1,514,356	-	3,300,000	-	3,300,000
Common and equivalent shares outstanding	47,438,477	47,560,436	35,500,014	41,601,386	35,500,014	41,601,386
Per Common and Equivalent Share:						
Income (loss) before extraordinary items	$ 1.26	$ 1.26	$ (0.06)	$ (0.05)	$ (0.65)	$ (0.55)
Extraordinary items	-	-	(0.33)	(0.28)	(0.33)	(0.28)
Net income (loss)	$ 1.26	$ 1.26	$ (0.39)	$ (0.33)	$ (0.98)	$ (0.83)

	For the Year Ended June 30, 1993	
	Primary	Fully Diluted
Income (loss) before extraordinary items	$ 10.1	$ 10.1
Extraordinary items	0.0	0.0
Net income (loss)	$ 10.1	$ 10.1
Weighted Average Shares:		
Common shares outstanding	35,166,747	35,166,747
Exercise of stock options(1)	1,582,317	1,582,317
Exercise of warrants(2)	3,300,000	3,300,000
Common and equivalent shares outstanding	40,049,064	40,049,064
Per Common and Equivalent Share:		
Income (loss) before extraordinary items	$ 0.25	$ 0.25
Extraordinary items	-	-
Net income (loss)	$ 0.25	$ 0.25

	For the Year Ended June 30, 1992		For the Year Ended June 30, 1991		For the Six Months Ended June 30, 1990	
	Primary	Fully Diluted(3)	Primary	Fully Diluted (3)	Primary	Fully Diluted(3)
Income (loss) before extraordinary items	$ (17.1)	$ (17.1)	$ (33.2)	$ (33.2)	$ (20.6)	$ (20.6)
Extraordinary items	$ (5.1)	$ (5.1)	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Net income (loss)	$ (22.2)	$ (22.2)	$ (33.2)	$ (33.2)	$ (20.6)	$ (20.6)
Weighted Average Shares:						
Common shares						

outstanding	27,768,312	27,768,312	16,493,499	16,493,499	16,500,000	16,500,000
Exercise of stock options(1)	-	1,582,317	-	1,339,404	-	1,339,404
Exercise of warrants(2)	-	3,300,000	-	3,300,000	-	3,300,000
Common and equivalent shares outstanding	27,768,312	32,650,629	16,493,499	21,132,903	16,500,000	21,139,404
Per Common and Equivalent Share:						
Income (loss) before extraordinary items	$ (0.62)	$ (0.52)	$ (2.01)	$ (1.57)	$ (1.25)	$ (0.97)
Extraordinary items	(0.18)	(0.16)	-	-	-	-
Net income (loss)	$ (0.80)	$ (0.68)	$ (2.01)	$ (1.57)	$ (1.25)	$ (0.97)

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(1) Amount represents the number of shares issued assuming exercise of stock options, reduced by the number of shares which could have been purchased with the proceeds from the exercise of such options.

(2) Amount represents the number of common shares issued assuming exercise of warrants outstanding.

(3) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of the APB Opinion No. 15 because of the antidlutitive effect on net loss per share.

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

Central de Industrias S.A. de C.V. (99.6%) (Mexico)
Equipos Automotrices Totales S.A. de C.V. (Mexico)
Fair Haven Industries, Inc. (Michigan)
Favesa S.A. de C.V. (Mexico)
General Seating of Canada (35%) (Canada)
General Seating of America (35%) (Delaware)
Industrias Cousin Freres S.L. (49.9%) (Spain)
Intertrim S.A. de C.V (99.5%) (Mexico)
Lear France E.U.R.L (France)
Lear Plastics Corporation (Delaware)
Lear Seating (Thailand) Corp., Ltd. (49%) (Thailand)
Lear Seating (U.K.) Ltd. (United Kingdom)
Lear Seating Australia Pty., Ltd. (Australia)
Lear Seating Austria Autositze (Austria)
Lear Seating Austria Autositze GmbH & Co. KG (Austria)
Lear Seating Canada Ltd. (Canada)
Lear Seating GmbH (Germany)
Lear Seating GmbH & Co. KG (Germany)
Lear Seating Holdings Corp. No. 50 (Delaware)
Lear Seating Industries Holdings B.V. (Netherlands)
Lear Seating International Ltd. (Barbados)
Lear Seating Italia S.r.L. (Italy)
Lear Seating Poland Sp. Z o.o. (Poland)
Lear Seating Sweden, AB (Sweden)
Logmex S.A. de C.V. (49%) (Mexico)
LS Acquisition Corp. No. 14 (Delaware)
LS Acquisition Corporation No. 24 (Delaware)
Markol Otomotiv Yan Sanayi Ve Ticaret Anonim Sirketi (35%) (Turkey)
No Sag Drahtfedern GmbH (Germany)
No Sag Drahtfedern Spitzer & Co. KG (Austria)
NS Beteilgungs GmbH (Germany)
Pacific Trim Corporation Ltd. (20%) (Thailand)
Probel S.A. (30.86%) (Brazil)
Progress Pattern Corporation (Delaware)
SEPI S.p.A. (Italy)
SEPI Sud S.p.A. (Italy)
Societe No Sag Francaise (56%) (France)
Souby S.A. (France)
Spitzer GmbH (62.5%) (Austria)

All Subsidiaries are wholly-owned unless otherwise indicated.

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Lear Seating Corporation's previously filed Registration Statements on Form S-8 File Nos. 33-55783 and 33-57237, and Form S-3 File Nos. 33-51317 and 33-47867.

ARTHUR ANDERSEN LLP

Detroit, Michigan
March 22, 1995.

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1,000,000

YEAR	
DEC-31-1994	
JAN-01-1994	
DEC-31-1994	
	32
	0
	580
	0
	127
	818
	505
	150
	1715
	981
	419
	0
	0
	0
	213
	1715
	3148
	3148
	2884
	2884
	102
	0
	47
	115
	55
	60
	0
	0
	0
	60
	1.26
	1.26