# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-17** | Period of Report: **1994-04-02**
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## FILER

**LEAR SEATING CORP**

CIK:**842162**| IRS No.: **133386776** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11311** | Film No.: **94529073**
SIC: **2531** Public bldg & related furniture

Mailing Address
*21557 TELEGRAPH CORP*
*SOUTHFIELD MI 48034*

Business Address
*21557 TELEGRAPH RD*
*SOUTHFIELD MI 48034*
*3137461500*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended APRIL 2, 1994

OR

[ ] 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

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 the filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Approximate number of shares of Common Stock, $0.01 par value per share, outstanding at April 30, 1994:
44,191,687



LEAR SEATING CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED APRIL 2, 1994

INDEX

LEAR SEATING CORPORATION

PART 1 - FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of Lear Seating Corporation and subsidiaries have been prepared by Lear Seating Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-K as filed with the Securities and Exchange Commission for the period ended December 31, 1993.

The financial information presented reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results of operations and statements of financial position for the interim periods presented. These results are not necessarily indicative of a full year's results of operations. All references to the number of shares of common stock and income per share in the accompanying financial statements and notes thereto have been adjusted to give effect to the 33 for 1 stock split of the Company's common stock (Note 8).





LEAR SEATING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

<TABLE>
<CAPTION>

| ASSETS | December 31, 1993 | April 2, 1994 (Unaudited) |
|---|---|---|
| <S> | <C> | <C> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 55,034 | $ 34,372 |
| Accounts receivable, net | 272,421 | 328,472 |
| Inventories | 71,731 | 67,521 |
| Unbilled customer tooling | 19,441 | 15,967 |

| | | |
|---|---|---|
| Other | 14,957 | 18,672 |
| | 433,584 | 465,004 |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Land | 31,289 | 24,497 |
| Buildings and improvements | 114,514 | 101,941 |
| Machinery and equipment | 215,684 | 225,170 |
| | 361,487 | 351,608 |
| Less - Accumulated depreciation | (110,530) | (119,043) |
| | 250,957 | 232,565 |
| OTHER ASSETS: | | |
| Goodwill, net | 403,694 | 400,892 |
| Deferred financing fees and other | 26,056 | 24,166 |
| | 429,750 | 425,058 |
| | $ 1,114,291 | $ 1,122,627 |

</TABLE>

The accompanying notes are an integral part of these balance sheets.





LEAR SEATING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Continued)

(In thousands)

<TABLE>
<CAPTION>

| LIABILITIES AND STOCKHOLDERS' EQUITY | December 31, 1993 | April 2, 1994 |
|---|---|---|
| | | (Unaudited) |
| <S> | <C> | <C> |
| CURRENT LIABILITIES: | | |
| Short-term borrowings | $ 48,155 | $ 27,093 |
| Cash overdrafts | 19,769 | 44,793 |
| Accounts payable | 298,326 | 297,990 |
| Accrued liabilities | 138,299 | 131,582 |
| Current portion of long-term debt | 1,168 | 1,170 |
| | 505,717 | 502,628 |
| LONG-TERM LIABILITIES: | | |
| Deferred national income taxes | 15,889 | 14,944 |
| Long-term debt | 498,324 | 504,884 |
| Other | 38,716 | 39,571 |
| | 552,929 | 559,399 |
| COMMITMENTS AND CONTINGENCIES | | |
| COMMON STOCK SUBJECT TO REDEMPTION: | | |
| Common stock subject to limited rights of redemption, $.01 par value, 30,001 shares at December 31, 1993 at an estimated maximum redemption price of $13.64 per share | 13,500 | -- |
| Notes receivable from sale of common stock | (1,065) | -- |
| | 12,435 | -- |

| | | |
|---|---|---|
| STOCKHOLDERS' EQUITY: | | |
| Common stock, $.01 par value, 150,000,000 shares authorized at December 31, 1993 and at April 2, 1994; 37,809,981 shares issued at December 31, 1993 and 38,833,014 at April 2, 1994, net of shares subject to redemption | 12 | 388 |
| Additional paid-in capital | 156,917 | 170,180 |
| Notes receivable from sale of common stock | -- | (1,065) |
| Warrants to purchase common stock | 10,000 | 5,511 |
| Less - Common stock held in treasury, 3,300,000 shares at December 31, 1993 and 1,828,827 shares at April 2, 1994, at cost | (10,000) | (5,562) |
| Retained deficit | (109,248) | (102,720) |
| Minimum pension liability adjustment | (4,164) | (4,164) |
| Cumulative translation adjustment | (307) | (1,968) |
| | 43,210 | 60,600 |
| | $ 1,114,291 | $ 1,122,627 |

</TABLE>

The accompanying notes are an integral part of these balance sheets.





LEAR SEATING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

<TABLE>
<CAPTION>

| <S> | <C> Three Months Ended April 3, 1993 (Unaudited) | <C> Three Months Ended April 2, 1994 (Unaudited) |
|---|---|---|
| Net sales | $ 458,022 | $ 686,736 |
| Cost of sales | 417,798 | 636,763 |
| Selling, general and administrative expenses | 14,629 | 16,885 |
| Amortization of goodwill | 2,187 | 2,802 |
| Operating income | 23,408 | 30,286 |
| Interest expense | 9,977 | 13,930 |
| Other expense (income) | (51) | 2,510 |
| Income before provision for national income taxes | 13,482 | 13,846 |
| Provision for national income taxes | 7,362 | 7,318 |
| Net income | $ 6,120 | $ 6,528 |
| Net income per common share: | | |
| Primary | $ 0.15 | $ 0.16 |
| Fully Diluted | $ 0.15 | $ 0.16 |

</TABLE>

The accompanying notes are an integral part of these statements.





LEAR SEATING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

<TABLE>
<CAPTION>

| | Three Months Ended April 3, 1993 | Three Months Ended April 2, 1994 |
|---|---|---|
| <S> | <C> | <C> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 6,120 | $ 6,528 |
| Adjustments to reconcile net income to net cash provided by operating activities- | | |
| Depreciation and amortization of goodwill | 9,635 | 13,068 |
| Amortization of deferred financing fees | 765 | 565 |
| Deferred national income taxes | 485 | (945) |
| Other, net | (3,381) | 2,035 |
| Net change in working capital items | 36,666 | (59,526) |
| Net cash provided (used) by operating activities | 50,290 | (38,275) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to property, plant and equipment | (6,071) | (15,453) |
| Other, net | 482 | 3,627 |
| Net cash provided (used) by investing activities | (5,589) | (11,826) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Change in long-term debt, net | (9,594) | 6,588 |
| Short-term borrowings, net | 171 | (1,447) |
| Increase (decrease) in cash overdrafts | (5,611) | 25,024 |
| Other, net | ---- | 88 |
| Net cash provided (used) by financing activities | (15,034) | 30,253 |
| Effect of foreign currency translation | 599 | (814) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 30,266 | (20,662) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 31,535 | 55,034 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $ 61,801 | $ 34,372 |
| CHANGES IN WORKING CAPITAL, NET OF EFFECTS OF ACQUISITIONS: | | |
| Accounts receivable, net | $ (3,656) | $ (57,314) |
| Inventories | 3,391 | 4,093 |
| Accounts payable | 23,665 | 255 |
| Accrued liabilities and other | 13,266 | (6,560) |
| | $ 36,666 | $ (59,526) |
| SUPPLEMENTARY DISCLOSURE: | | |
| Cash paid for interest | $ 11,469 | $ 11,818 |
| Cash paid for income taxes | $ 6,586 | $ 6,508 |

</TABLE>

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.

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"). Prior to the Merger, Holdings had several other wholly-owned subsidiaries, including LS Acquisition No. 14 ("LS No. 14"), Lear Seating Holdings Corp. No. 50 ("LS No. 50") and Lear Seating Sweden, AB ("LS-Sweden"). In conjunction with the Merger, these companies became subsidiaries of the Company. 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 current structure (post-Merger) had existed for all periods presented.

(2) 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 thousands):

<TABLE>
<CAPTION>

| <S> | DECEMBER 31, 1993 <C> | APRIL 2, 1994 <C> |
|---|---|---|
| Raw materials | $42,470 | $50,808 |
| Work in process | 23,394 | 7,739 |
| Finished goods | 5,867 | 8,974 |
| | $71,731 | $67,521 |

</TABLE>

(3) 1994 REFINANCING

On February 3, 1994, the Company completed a public offering of $145,000,000 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 $5,000,000.

The net proceeds from the sale of the 8 1/4% Notes were used to finance the redemption of 14% subordinated debentures, due 2000. Simultaneously with the sale of 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 $135,000,000, plus accrued interest to the redemption date.

(4) 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. ("Favesa"); (ii) all of the shares of Favesa, a maquiladora company located in Juarez, Mexico; and (iii) certain inventories and assets employed in the operation of Favesa (collectively referred to as 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.

Assuming the acquisition had taken place as of the beginning of the period, 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 best 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 thousands, except per share data):

<TABLE>
<CAPTION>

| <S> | Three Months Ended April 3, 1993 <C> |
|---|---|
| Net sales | $581,150 |
| Net income | 8,302 |
| Net income per common share | 0.21 |

</TABLE>







(5) LONG-TERM DEBT

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

<TABLE>
<CAPTION>

| <S> | DECEMBER 31, 1994 <C> | APRIL 2, 1994 <C> |
|---|---|---|
| Senior Debt: | | |
| German term loan | $ 7,592 | $ 7,314 |
| Revolving credit loans: | | |
| Domestic | 230,700 | 225,700 |
| Canadian | - | 3,040 |
| | 230,700 | 228,740 |
| | 238,292 | 236,054 |
| Less - current portion | (1,168) | (1,170) |
| | 237,124 | 234,884 |

| | | |
|---|---|---|
| Subordinated Debt: | | |
| 11 1/4% Senior Notes | 125,000 | 125,000 |
| 14 % Debentures | 135,000 | - |
| 8 1/4% Notes | - | 145,000 |
| | 260,000 | 270,000 |
| Note Payable | 1,200 | - |
| | $498,324 | $504,884 |

</TABLE>

(6) POST-RETIREMENT AND POST-EMPLOYMENT 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. The effect of the adoption of this standard for the three months ended April 2, 1994 was an additional charge of approximately $1.8 million. This charge includes approximately $.3 million of amortization of the net transition obligation at the date of adoption of approximately $25.6 million.

On January 1, 1994, the Company adopted 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 impact of adoption was not material to the Company's financial position or results of operations.





(7) NET INCOME PER COMMON SHARE

The weighted average number of shares of common stock after giving effect to the split of the Company's common stock (Note 8) is as follows for the periods presented:

<TABLE>
<CAPTION>

| <S> | Three Months Ended April 3, 1993 <C> | Three Months Ended April 2, 1994 <C> |
|---|---|---|
| Primary | 40,381,418 | 41,963,565 |
| Fully Diluted | 40,381,418 | 42,014,029 |

</TABLE>

(8) SUBSEQUENT EVENTS

On April 13, 1994, the Company consumated an initial public offering of its common stock at a price of $15.50 per share. Of the 10,312,500 shares offered, 7,187,500 shares were sold by the Company and 3,125,000 shares were sold by a stockholder of the Company. The net proceeds to the Company of approximately $104 million were used to repay a portion of the indebtedness outstanding under the credit agreement incurred to finance the NAB Acquisition.

Prior to the initial public offering of the Company's common stock, the Company split its common stock at 33 for 1 and amended its Stockholders and Registration Rights Agreement to, among other things, relax certain restrictions on transfers of common stock owned by parties to the agreement and remove the rights of certain management investors to require the Company to redeem their stock upon certain triggering events. All references to the numbers of shares of common stock and income per share in the accompanying financial statements and notes thereto have been adjusted to give effect to the stock split.

Item 2 - Managements' Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Three months ended April 2, 1994, compared with three months ended April 3, 1993.

Record sales of $686.7 million in the quarter ended April 2, 1994 surpassed the quarter ended April 3, 1993, by $228.7 million or 49.9%. Sales in the first quarter of the current fiscal year benefitted from the acquisition of the North American seat and seat cover business (the "NAB") from Ford Motor Company on November 1, 1993, new business in North America and volume increases on mature domestic seating programs.

Sales in the United States of $468.4 million increased in the first quarter of calendar year 1994 as compared to the first quarter of the prior year by $257.3 million or 121.8%. Sales for the quarter ended April 2, 1994, benefitted from the contribution of $139.8 million in sales from the NAB acquisition, vehicle production increases on mature seating programs by domestic automotive manufacturers, incremental volume on new Chrysler truck and Ford passenger car programs and sales of $37.2 million generated by a new lead vendor program under which the Company assumed management of components for a seat program with Ford.

Sales in Canada of $66.4 million declined in relation to the first quarter of calendar year 1993 by $39.8 million due to downtime associated with a General Motors plant conversion necessary for a replacement passenger car which reduced sales by $52.3 million. Initial production of the replacement General Motors program began in February 1994, with attainment of full production levels scheduled for the latter part of the second quarter. Partially offsetting the decrease were sales generated by the new Ford Windstar program introduced in February 1994.

Sales in Europe of $103.3 million exceeded prior year by $7.6 million or 8.0%, despite unfavorable exchange rate fluctuations in Germany and Sweden, due to additional volume on carryover seating programs in Germany and Austria and new programs for the GM Opel 2800 and Jaguar which began production in the current quarter.

Sales in Mexico of $48.6 million in the quarter ended April 2, 1994, surpassed the first quarter of the prior year by $3.6 million largely as a result of increased production requirements on existing Volkswagen and Chrysler programs which offset reduced sales to General Motors.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were $50.0 million and 7.3% for the quarter ended April 2, 1994 as compared to $40.2 million and 8.8% in the previous year. Gross profit in the first quarter of calendar year 1994 benefitted from the increased sales in North America, including the benefit of the NAB acquisition which offset engineering and preproduction costs for new operations in the United States, Canada and England and lost margin contribution associated with General Motors model





changeover in Canada. SFAS 106 (post retirement health care costs) had an unfavorable impact on gross profit in the current quarter of $1.6 million.

Selling, general and administrative expenses decreased to 2.5% of net sales for the first quarter of calendar year 1994 as compared to 3.2% a year earlier. The increase in actual expenditures was largely the result of business unit expansion necessary to support domestic original equipment manufacturers and to increased research and development costs for future seating programs and the NAB business.

Operating income and operating margin were $30.3 million and 4.4% for the period ending April 2, 1994, as compared to $23.4 million and 5.1% a year earlier. The increase in operating income was largely the result of the NAB acquisition coupled with the benefits derived from incremental volume on new and mature seating programs in North America which offset engineering and facility costs for programs to be introduced in the next twelve months, plant downtime in Canada and the impact of SFAS 106. Non-Cash Depreciation and amortization charges were $13.1 million and $9.6 million for the first quarter of calendar year 1994 and 1993, respectively.

Interest expense increased in the quarter ended April 2, 1994, as compared to the prior year due to additional debt incurred to finance the NAB acquisition and the thirty day overlap of two individual issues of subordinated debt caused by the refinancing of 14% subordinated debt with recently issued 8 1/4% subordinated debt.

Other expense for the three months ended April 2, 1994, including state and local taxes, foreign exchange, minority interest and equity income of affiliates increased in comparison to prior year due to reduced income derived from joint ventures accounted for under the equity method and state and local taxes associated with the purchase of the NAB.

Net Income of $6.5 million or fully diluted earnings per share of $.16 were realized for the quarter ended April 2, 1994, as compared to net income of $6.1 million or fully diluted earnings per share of $.15 in the corresponding quarter in the prior year. The net income of $6.5 million reflects additional expenses of $1.8 million related to SFAS 106 and also a $7.3 million provision for national income taxes which remained essentially unchanged from prior year. Pro forma net income for the first quarter of 1994 after giving effect to the refinancing of the 14 percent subordinated debt through the issuance of 8 1/4 percent subordinated debt and the recently completed initial public offering as if these transactions had occurred as of the beginning of the quarter ended April 2, 1994 would have been $8.5 million.





LIQUIDITY AND FINANCIAL CONDITION

As of April 2, 1994, the Company had a $425.0 million revolving credit facility under which $225.7 million was outstanding and $39.2 million was committed and outstanding under letters of credit, leaving $160.1 million unused and available. On April 13, 1994, the Company received net proceeds of $103.6 million related to the initial public offering of its common stock (See Note 8, Subsequent Events, for a more complete discussion of this transaction). These proceeds were used to reduce the amount outstanding under the credit facility thereby increasing the amount unused and available under the revolving credit facility by $103.6 million. The Company also had term loans outstanding in Germany of approximately $7.3 million. As of April 2, 1994, the Company had net cash and cash equivalents of $34.4 million.

Amounts available under the Credit Agreement will be reduced by $40.0 million every six months beginning October 31, 1996, and the Credit Agreement will expire on October 31, 1998. Excluding amounts outstanding under the Credit Agreement which will be due upon the expiration of the Credit Agreement, the Company's scheduled principal payments for the remainder of calendar year 1994 are $.8 million and are $1.1 million in each of the next five calendar years.

Changes in working capital declined from a source of $36.7 million in the first quarter of 1993 to a use of $59.5 million in 1994 primarily as a result of increased receivable levels from December 31, 1993 due to increased sales and the addition of NAB. In addition, capital expenditures for the quarter ended April 2, 1994 were $15.5 million, compared to $5.8 million during the same quarter in 1993, due to a significant number of new program scheduled to begin production during calendar 1994.

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 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.

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

LEAR SEATING CORPORATION

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

a. The following is the exhibit required to be filed as part of this report:

4.1 First Amendment to the Lear Seating Corporation 1992 Stock Option Plan.

b. The following report on Form 8-K was filed during the quarter ended April 2, 1994:

Form 8-K dated February 8, 1994 which changed the Company's fiscal year end from June 30 to December 31.





SIGNATURES

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

LEAR SEATING CORPORATION

Dated: May 16, 1994 By:/s/ James H. Vandenberghe
-----------------------------------------------------
James H. Vandenberghe
Executive Vice President
Chief Financial Officer





LEAR SEATING CORPORATION
EXHIBIT INDEX
QUARTER ENDED APRIL 2, 1994; FORM 10-Q

Exhibit
Number
- ------

Instruments defining the rights of security holders, including indentures:

4.1 First Amendment to the Lear Seating Corporation

1992 Stock Option Plan.

EXHIBIT 4.1

FIRST AMENDMENT
TO THE
LEAR SEATING CORPORATION
1992 STOCK OPTION PLAN

The Lear Holdings Corporation 1992 Stock Option Plan (the "Plan") is amended as follows:

1. The title of the Plan is amended by deleting the name "Lear Holdings Corporation" and replacing it with "Lear Seating Corporation".

2. Section 1 of the Plan is amended by deleting in the third line the name "Lear Holdings Corporation" and replacing it with the name "Lear Seating Corporation".

3. Section 2 of the Plan is amended by deleting the words "as in effect on the date hereof" at the end of the definition of "Stockholders Agreement" and replacing them with the following: ", as such agreement may be amended from time to time in accordance with the terms thereof."

4. Section 5(a) of the Plan is amended by deleting the first sentence thereof and replacing it with the following: "38,000 shares are allocated for award as Performance Goal Options to existing or future management employees."

5. Section 8 of the Plan is amended by adding new Section 8(d) and (e) as follows:

(d) Notwithstanding any other provision contained in this Section 8, all Annual Options issued and not otherwise vested under the Plan shall vest as of December 31, 1993 provided that the option holder is employed with the Company or a subsidiary as of the effective date of the First Amendment to the Plan.

(e) All Annual Options vested as of December 31, 1993 shall become exercisable on the earlier of:

(i) the second anniversary of the option holder's date of normal retirement (as such term is defined or otherwise provided) from the Company or a subsidiary under a tax-qualified pension benefit plan as sponsored by the Company or a subsidiary; or

(ii) September 28, 1996, provided the option holder is either (i) employed with the Company or a subsidiary as of said date or (ii) the option holder's employment with the Company has terminated by reason of normal retirement prior to said date.



6. Section 9 of the Plan is amended by adding new paragraphs "(c)" and "(d)" as follows:

(c) Notwithstanding any other provision contained in this Section 9, all Cumulative Options issued and not otherwise vested under the Plan shall vest as of December 31, 1993 provided that the option holder is employed with the Company or a subsidiary as of the effective date of the First Amendment to the Plan.

(d) All Cumulative Options vested as of December 31, 1993 shall become exercisable on the earlier of:

(i) the second anniversary of the option holder's date of normal retirement (as such term is defined or otherwise provided) from the Company or a subsidiary under a tax-qualified pension benefit plan as sponsored by the Company or a subsidiary; or

(ii) September 28, 1996, provided the option holder is either (i) employed with the Company or a subsidiary as of said date or (ii) the option holder's employment with the Company has terminated by reason of normal retirement prior to said date.

7. Section 10 of the Plan is hereby deleted and under the heading for Section 10 the words "intentionally deleted" are hereby inserted.

8. Section 11 of the Plan is amended by adding new paragraphs "(c)" and "(d)" as follows:

(c) Notwithstanding any other provision contained in this Section 11, all Time Based Options issued and not otherwise vested under the Plan shall vest as of December 31, 1993 provided that the option holder is employed with the Company or a subsidiary as of the effective date of the First Amendment to the Plan.

(d) All Time Based Options vested as of December 31, 1993 shall become exercisable on the earlier of:

(i) the second anniversary of the option holder's date of normal retirement (as such term is defined or otherwise provided) from the Company or a subsidiary under a tax-qualified pension benefit plan as sponsored by the Company or a subsidiary; or





(ii) September 28, 1996, provided the option holder is either (i) employed with the Company or a subsidiary as of said date or (ii) the option holder's employment with the Company has terminated by reason of normal retirement prior to said date.

9. Section 12 of the Plan is hereby deleted and under the heading for Section 12 the words "intentionally deleted" are hereby inserted.

10. Section 13 of the Plan is amended by adding a new paragraph "(e)" as follows:

(e) As of the effective date of the First Amendment of the Plan:

(i) Notwithstanding the provisions of Sections 13(b) and 13(c), if, prior to September 28, 1996, an option holder's employment with the Company or a subsidiary is terminated, other than by reason of normal retirement (as such term is defined or otherwise provided), death or permanent and total disability, all options held as of December 31, 1993 by such person shall become exercisable on September 1, 2001;

(ii) Notwithstanding the provisions of Section 13(c), if, prior to September 28, 1996, an option holder's employment with the Company or a subsidiary is terminated for "permanent and total disability" as defined by Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, all options held as of December 31, 1993 by such person shall become exercisable on September 28, 1996 and for a period of 90 days thereafter. Options held by the option holder that are not exercised within said period terminate;

(iii) Notwithstanding the provisions of Section 13(d), if an option holder's employment with the Company or a subsidiary is terminated because of the option holder's death prior to September 28, 1996, all options held by said option holder shall become exercisable by the option holder's personal representative or devisee on September 28, 1996 and for a period of 90 days thereafter. Options held by the deceased option holder that are not exercised within said period terminate; and

(iv) Notwithstanding any provision of the Plan to the contrary, any option may be exercised under this Plan at any time with the express written consent of the Board of Directors of the Company, as approved by the stockholders.





11. Section 14 of the Plan is amended by adding the following sentence at the end thereof. "Notwithstanding the foregoing, the requirements of this Section 14 shall not apply to Options granted on or after December 31, 1993 to persons who are not at the time of the grant parties to the Stockholders Agreement."

This First Amendment to the Plan shall become effective as of December 31, 1993.

LEAR SEATING CORPORATION

By /s/ J.H. Vandenberghe
Date____________________