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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
LEAR CORPORATION, et al.,[1]	)	Case No. 09-14326 (ALG)
Debtors.	)	Jointly Administered

DECLARATION OF JOHN STUART IN SUPPORT OF CONFIRMATION OF THE DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

[1] The Debtors in these chapter 11 cases, along with the last four digits of each U.S. Debtors' federal tax identification number (if any), include: Lear Corporation (6776); Lear #50 Holdings, LLC (N/A); Lear Argentine Holdings Corporation #2 (7832); Lear Automotive Dearborn, Inc. (4976); Lear Automotive Manufacturing, LLC (3451); Lear Canada (5059); Lear Canada Investments Ltd. (a non-U.S. Debtor that does not maintain a U.S. Federal tax identification number); Lear Corporation (Germany) Ltd. (6716); Lear Corporation Canada Ltd. (a non-U.S. Debtor that does not maintain a U.S. Federal tax identification number); Lear Corporation EEDS and Interiors (6360); Lear Corporation Global Development, Inc. (3121); Lear EEDS Holdings, LLC (4474); Lear European Operations Corporation (8411); Lear Holdings, LLC (4476); Lear Investments Company, LLC (8771); Lear Mexican Holdings Corporation (7829); Lear Mexican Holdings, LLC (4476); Lear Mexican Seating Corporation (4599); Lear Operations Corporation (5872); Lear Seating Holdings Corp. #50 (9055); Lear South Africa Limited (a non-U.S. Debtor that does not maintain a U.S. Federal tax identification number); Lear South American Holdings Corporation (1365); Lear Trim L.P. (8386); and Renosol Seating, LLC (4745). The location of the Debtors' corporate headquarters and the service address for all of the Debtors is: 21557 Telegraph Road, Southfield, Michigan 48033.

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I, John Stuart, make this declaration and state:

1. I am a Senior Director of Alvarez & Marsal North America, LLC ("A&M"), restructuring advisor to the above-captioned debtors (collectively, the "Debtors") in these chapter 11 cases. Based on my employment with A&M and in connection with my service as restructuring advisor to the Debtors, I am intimately familiar with the businesses of the Debtors and their current operations. If I am called upon to testify, I can and will testify competently to the facts and opinions set forth herein.

2. A&M was engaged by Lear Corporation in December 2008 to act as its restructuring advisor. A&M's retention as the Debtors' restructuring advisors in these chapter 11 cases was approved by the Court on July 31, 2009 [Docket No. 263]. A&M's responsibilities include assisting the Company with preparation of its business plan, customer negotiations, cash modeling and analysis, preparation of a liquidation analysis, creditor communications, creditor claims management and other financial analyses as required by the Company.

3. I submit this declaration in support of the *Debtors' Memorandum of Law (A) in Support of Confirmation of the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code and (B) in Response to Objections Thereto*, filed contemporaneously herewith, and in support of confirmation of the *Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 633] (as amended from time to time the "Plan").[2] Specifically, I make this declaration to provide certain background facts and opinion relevant to the Plan's compliance with the best interests test contained in section 1129(a)(7) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") and the determination of the Debtors' claims reserve. All matters set forth

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

in this affidavit are based on: (a) my personal knowledge or information relayed to me by Lear personnel; (b) my review of relevant documents; (c) my view, based upon my experience and knowledge of the Debtors' business and financial condition; or (d) as to matters involving United States bankruptcy law or rules or other applicable laws, my reliance on the advice of counsel to the Debtors.

I. Personal Background

4. I received my Bachelor of Science, with concentrations in Psychology and Biochemistry, from Oklahoma University and my Masters of Business Administration from Rice University, with a concentration in Finance. For the past year, I have been employed by A&M. Prior to joining A&M, I was a founding member of the distressed private equity group at Highland Capital Management, LP, where I most recently served as a portfolio manager and the head of portfolio company strategy. Previously, I served as a managing director at Barrier Advisors, LP and a manager in the corporate recovery group of Arthur Andersen LLP. .

5. At A&M, I specialize in restructuring, business strategy development, performance improvement and enterprise risk management. My responsibilities at A&M have primarily involved advising companies that are financially troubled and secured lenders to troubled companies. My duties typically include customer negotiations, creditor negotiations, business plan and cash flow development and assessment, liquidation analysis and other financial analyses. I have been retained as a financial advisor to numerous financially distressed companies in, or exposed to, the automotive industry.

II. The Plan Is in the Best Interests of Creditors Complying with Section 1129(a)(7) of the Bankruptcy Code

6. One of A&M's roles in conjunction with its engagement by the Debtors was to assist in the preparation of a liquidation analysis to determine the respective value of

distributions (if any) that various holders of claims and interests would receive on account of such claims and interests if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code. I and other members of A&M prepared the liquidation analysis (the "Liquidation Analysis") that was filed as Exhibit E to the disclosure statement related to the Plan.

7. The Liquidation Analysis supports that the Plan complies with the "best interest of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code. A&M's assistance in the preparation of the Liquidation Analysis was completed with my direct involvement. I am familiar with the methods used, and the conclusions reached, in the preparation of the Liquidation Analysis.

8. The Liquidation Analysis was based on a variety of assumptions, which are detailed in the notes to the Liquidation Analysis, and which I believe are reasonable under the circumstances. Chief among these is the assumption that the Debtors' assets would be sold via an orderly transition to an original equipment manufacturer (the "OEM") or competitor. The Liquidation Analysis also assumes the development of a 6-month orderly transition budget for debtor production/non-production facilities, followed by a 12-month estate wind-down. Given the just-in-time nature of the Debtors' operations, it was assumed that certain OEMs would participate and assist in an orderly wind-down of the assets and transfer of programs. At the conclusion of the initial 6-month period, the analysis further assumed that customers would pay for all "usable" inventory and pay all "undisputed" accounts receivable, assuming an asset sale date of December 31, 2009.

9. A critical component of the analysis involved understanding the sales and manufacturing relationships among the Debtors and non-Debtors. A wind-down of the Debtor

entities, especially given the concentration of production facilities among these entities, would have a negative impact to going concern valuation for certain non-Debtor entities in cases where there is a significant sales and manufacturing relationship that cannot be replaced or resourced. As a result of the Debtor entities being liquidated, the analysis estimated that the loss of these manufacturing relationships would result in the liquidation of seven affiliate entities. The Liquidation Analysis further assumed that any wind-down of the Debtor entities would negatively impact relationships with global affiliates and would further result in foreign customer attrition and foreign trade contraction.

10. Wind-down costs included, but were not limited to: retention payments, including medical benefits; transfer, facility clean-up, and facility holding maintenance and disposal costs; trustee fees; real estate liquidation fees; and professional fees. The Liquidation Analysis assumed that the non-Debtor affiliates would be sold as a going concern. The intellectual property that accompanied products sold by the non-Debtor subsidiaries would, by necessity, go to the buyers of these various subsidiaries and is included in the assumed sale proceeds of such entities.

11. The Liquidation Analysis provides estimated recoveries for each Plan Class under a hypothetical chapter 7 scenario. The chart below sets forth the estimated recovery rate for each group of creditors and reflects that recoveries for creditors under the Plan are equal to or greater than recoveries under a hypothetical chapter 7 scenario:

GROUP A DEBTORS

Class	Type of Claim or Equity Interest	Treatment of Claim/Interest	Estimated Percentage Recovery of Allowed Claims or Interests under the Plan	Estimated Percentage Recovery of Class under Chapter 7 Liquidation
1A	Other Priority Claims Against a Group A Debtor	Unimpaired	100%	100%
2A	Other Secured Claims Against a Group A Debtor	Unimpaired	100%	100%
3A	Prepetition Credit Agreement Secured Claims	Impaired	100%[3]	100%
4A	Unsecured Ongoing Operations Claims	Unimpaired	100%	10.4%
5A	Other General Unsecured Claims	Impaired	42.0%	10.4%
6A	Convenience Claims	Impaired	25.0%	10.4%
7A	Subordinated Claims	Impaired	0.0%	0.0%
8A-1	Equity Interests in Lear Corporation	Impaired	0.0%	0.0%
8A-2	Intercompany Interests in Group A Debtors	Unimpaired	100%	0.0%

GROUP B DEBTORS

Class	Type of Claim or Equity Interest	Treatment of Claim/Interest	Estimated Percentage Recovery of Allowed Claims or Equity Interests under the Plan	Estimated Percentage Recovery of Class under Chapter 7 Liquidation
1B	Other Priority Claims Against a Group B Debtor	Unimpaired	100%	100%
2B	Other Secured Claims Against a Group B Debtor	Unimpaired	100%	100%
3B	General Unsecured Claims	Unimpaired	100%	35.9%
4B	Intercompany Interests in Group B Debtors	Unimpaired	100%	0.0%

12. I believe that a chapter 7 liquidation of the Debtors would result in substantial diminution in the value to be realized by holders of Claims in each impaired class set forth in the Plan, as compared to the proposed distributions under the Plan, because of, among other factors: (a) the failure to realize the maximum going concern value of the Debtors' assets or enterprise; (b) the additional costs and expenses involved in the appointment of trustees, attorneys,

[3] The recovery set forth in the above chart for Holders of Class 3A Claims and Class 5A Claims is based upon the Plan distributable value of $3.054 billion, without regard to the pro forma effect of any Excess Cash Paydown, and does not account for any dilutive effect arising from exercising of the Other General Unsecured Claims Warrants.

accountants and other professionals to assist such trustees in the chapter 7 cases; (c) additional expenses and Claims, some of which would be entitled to priority in payment, arising by reason of the liquidation and from the rejection of unexpired real estate and operating leases and other executory contracts in connection with a cessation of the Debtors' operations; and (d) the substantial time that would elapse before holders would receive any distribution in respect of their Claims.

13. Based upon all of the relevant facts and circumstances, I believe that the Plan satisfies the "best interest of creditors" test under section 1129(a)(7) of the Bankruptcy Code because, among other things, the Plan provides each non-accepting holder of a Claim or Interest in an impaired class a recovery on account of such Claim or Interest that has a value of at least equal to the value of the distribution that each such holder would receive if the applicable Debtor were liquidated under chapter 7 of the Bankruptcy Code.

III. The Debtors Are Able to Satisfy and Sufficiently Reserve for Claims

14. The Plan is structured to fully satisfy or otherwise render unimpaired administrative claims, contract cure claims, other priority and secured claims, Class 4A claims and claims against the Group B Debtors. I believe that the Debtors maintain sufficient liquidity to provide for these claims. Due to better-than-expected operational performance, I understand that the Debtors anticipate that they will have liquidity of approximately $1.2 billion to $1.3 billion as of the Effective Date. In addition, certain of the Debtors' prepetition secured lenders have agreed to fund the Exit Facility in an amount of $400 million and the New Term Loans in the amount of $550 million, thereby providing the Debtors with a flexible post-emergence capital structure.

15. Further, I believe that the Debtors will maintain a sufficient reserve of New Common Stock and Other General Unsecured Claims Warrants with respect to Class 5A Claims.

Under the Plan, Class 5A claimants are entitled to receive New Common Stock and Other General Unsecured Claims Warrants (collectively, the "Class 5A Distribution") in satisfaction of their Class 5A Claims. As the Debtors expect that certain Class 5A Claims will be subject to ongoing review and reconciliation, I am aware that the Plan contemplates establishment of a Class 5A Distribution "reserve" that will be used to satisfy any disputed Class 5A Claim that becomes an Allowed Claim. The amount reserved for any one Claim will be equal to the lesser of (a) the asserted amount (unless the Debtors request the Court to estimate the Claim) or an amount elected by the Debtors (if the Claim is contingent or unliquidated as of the deadline to vote on the Plan) and (b) an amount agreed upon by the Reorganized Debtors and the claimant. If any Disputed Claim becomes an Allowed Claim, satisfaction of the Claim will be made from this reserve.

16. Specifically, it is my understanding that, as of the Effective Date, the Debtors will have established the Class 5A Distribution reserve in compliance with the Plan. The reserve is based upon certain components. ***First***, for any Claim in Class 5A that is neither contingent nor unliquidated, the Debtors will reserve the full amount asserted by the Holder of such Claim, regardless of whether the Debtors have objected to such Claim, unless the Debtors have filed a motion seeking reclassification or estimation of such Claim or have assumed the contract underlying the Claim as part of the Plan.

17. I understand that the Debtors currently only are seeking estimation of one non-contingent, non-unliquidated Class 5A Claim.[4] I understand that, on October 20, 2009, the Debtors filed a motion seeking estimation of the employment discrimination Claim filed by

[4] It is my understanding that the Debtors also have filed an additional claim estimation motion seeking estimation of the Claim filed by Douglas Coleman [Docket No. 908]. I understand that the Debtors believe this Claim should be disallowed in its entirety. However, to the extent the Claim is Allowed, I understand that the Claim is not a Class 5A Claim.

Henry L. Hall in the amount of $100 million [Docket No. 909]. The Debtors seek to estimate this Claim at $0. Given that the Equal Employment Opportunity Commission indicated that the claimant is unlikely to succeed in any lawsuit, the Debtors believe this Claim is without value and do not include this Claim in the Class 5A Distribution attributable to approximately $34 million of Class 5A Claims reserved on account of Class 5A Claims that are neither contingent or unliquidated.

18. ***Second***, for any Class 5A Claim listed in the Debtors' claims register as unliquidated or contingent, I understand that the Debtors will reserve an amount equal to three times the historical settlement value of similar claims to the reserved for Claim. The Debtors will reserve a Class 5A Distribution attributable to approximately $56 million of Class 5A Claims on account of unliquidated or contingent claims, including, pursuant to the Court-approved stipulation between the Debtors, The Chamberlain Group, Inc. and Johnson Controls Interiors, LLC [Docket No. 981], the Claims of The Chamberlain Group, Inc. and Johnson Controls Interiors, LLC.

19. ***Third***, I understand that the Debtors will further reserve a Class 5A Distribution of approximately $26 million of Claims 5A Claims on account of $26 million of Claims listed in the Debtors' claims register arising on account of unsecured audit, state income, franchise, sales and use or personal property taxes and unclaimed property. This reserve amount has been established to ensure that, if these Claims ultimately become allowed, the claimants holding these Claims receive their pro rata distribution of New Common Stock and Other General Unsecured Warrants.

20. ***Lastly***, for any lease rejection Claims, the Debtors determined the reserve amount based on an analysis prepared by A&M and will reserve a Class 5A Distribution attributable to

the higher of (a) the Claim amount, if any, and (b) the amount of rejection damages calculated by A&M. I understand that the Debtors will reserve a Class 5A Distribution attributable to approximately $28 million on account of future rejection damages.

21. I am aware that, in total, the Debtors will reserve a Class 5A Distribution of approximately $144 million from which to satisfy any Disputed Claim that ultimately becomes an Allowed Class 5A Claim. To the best of my knowledge, I believe that the proposed reserved amount complies with the requirements of the Plan and likely will satisfy any Disputed Claim that subsequently becomes an Allowed Class 5A Claim.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: November 2, 2009

/s/ John Stuart
John Stuart
Senior Director
Alvarez & Marsal North America, LLC