Lear Corporation, et al.

LEADERSHIP • PROBLEM SOLVING • VALUE CREATION

August 2009

Hypothetical Liquidation Analysis

ALVAREZ & MARSAL

Statement of Limitations

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Statements Specific to Liquidation Analysis

Statements Specific to Liquidation Analysis

Lear Corporation, et al. ("Lear"), with the assistance of its restructuring and financial advisors, A&M, has prepared this hypothetical liquidation analysis (the "Liquidation Analysis") in connection with the Disclosure Statement. The Liquidation Analysis indicates the values which may be obtained by classes of Claims upon disposition of assets, pursuant to a Chapter 7 liquidation, as an alternative to continued operation of the business under the Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed herein. All capitalized terms not defined in this Appendix have the meanings ascribed to them in the Disclosure Statement to which this Appendix is attached.

On July 7, 2009, Lear Corporation and certain of its domestic and Canadian subsidiaries (the "Debtors") filed for Chapter 11 bankruptcy protection in the Southern District of New York. As part of the Debtors proposed Plan of Reorganization, the Debtors are divided into an A and B Group. The Group A Debtors (the "Group A Debtors") refer to the Debtor entities that are guarantors and/or obligors under that certain Amended and Restated Credit Agreement dated as of April 25, 2006, plus the Debtor entities that are guarantors and/or obligors under that certain Indenture dated as of November 24, 2006, and that certain Indenture dated as of August 3, 2004. The remaining Debtors are classified as the Group B Debtors (the "Group B Debtors"). The Group A Debtors and Group B Debtors, unless otherwise mentioned, shall collectively be referred to as the Debtors.

The Liquidation Analysis has been prepared assuming that the Debtors' filed for Chapter 7 protection on July 7, 2009 (the "Liquidation Date"). During the initial 6-month period following the Liquidation Date, the Liquidation Analysis assumes an orderly transfer of all Debtor operations to customers or competitors, and the sale of all other non-Debtor operations as going concerns. The liquidation of the remaining assets is based on projected book values as of December 31, 2009, unless otherwise stated. These book values are assumed to be representative of the Debtors' assets and liabilities as of that date. The consolidation of the Debtor entities in the Liquidation Analysis has been prepared in a format consistent with the Plan, consisting of Group A Debtors and Group B Debtors.

The Liquidation Analysis represents an estimate of recovery values and percentages based upon a hypothetical liquidation of the Debtors if a Chapter 7 trustee (the "Trustee") were appointed by the Bankruptcy Court to convert assets into cash. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the extensive use of estimates and assumptions which, although considered reasonable by Management, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and their Management. In instances where assumptions and/or methodologies had to be utilized with regard to developing estimates or presenting the treatment of assets and claims that could potentially benefit one class of creditors as compared to the alternative, an attempt was made to utilize an assumption that was equitable to both secured creditors as well as unsecured creditors.

Statements Specific to Liquidation Analysis

ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS WOULD OR WOULD NOT APPROXIMATE THE ASSUMPTIONS REPRESENTED HEREIN. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the Liquidation Analysis, the Debtors have estimated an amount of allowed claims for each class of claimants based upon a review of the Debtors' estimated scheduled claims. Additional claims were estimated to include certain postpetition obligations, including but not limited to pension and other post-retirement benefits claims. The estimate of all allowed claims in the Liquidation Analysis is based on the par value of those claims. The estimate of the amount of allowed claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of allowed claims under the Plan. The actual amount of allowed claims could be materially different from the amount of claims estimated in the Liquidation Analysis.

The Liquidation Analysis envisions the orderly transfer and liquidation of substantially all of the Debtors' U.S. operations over a 6-month period and the sale of the remaining operations as going concerns, followed by a wind-down of the Chapter 7 estate (collectively, the "Wind-Down").

An orderly Wind-Down of this magnitude would be unprecedented and fraught with considerable execution risk. It is unclear whether such a process could be accomplished in light of potential labor disruptions and the inherent uncertainty that accompanies all Wind-Downs. Nevertheless, Management believes that a Wind-Down of the U.S. operations that took into account the high degree of interdependence between the Debtors and their customers, the long testing and approval periods generally required to certify automotive products for production, and the proprietary technology employed in manufacturing many of these products would maximize recoveries to creditors. Conversely, a sudden shut-down of the Debtors' operations would likely be extremely disruptive to OEM operations, and consequently would result in lower recoveries to constituents than perceived in this Liquidation Analysis as well as lower recoveries on the going concern entities due to significant amount of customer crossover. Management believes that to maximize recovery to creditors, the Debtors would need to provide a Wind-Down period sufficient for customers to take operational control of the Debtors operations / facilities in an orderly manner. This would result in higher recoveries to constituents through enhanced realizations on receivables, sales of existing inventory to replacement suppliers, maximization of value at the non-Debtor operations (which share certain customers with the Debtors), and substantially reduced damage claims from customers.

Statements Specific to Liquidation Analysis

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Management believes that the remaining non-Debtor operations, which are primarily located outside the United States, have greater value being sold as going concerns than in an orderly Wind-Down. Thus, in an attempt to maximize potential recovery, the Liquidation Analysis assumes the going concern sale of the remaining non-Debtor businesses. These operations are assumed to be sold within a period of six months to minimize the impact of deteriorating value resulting from their affiliation with a liquidating parent.

The Liquidation Analysis does not include estimates for the tax consequences, both foreign and domestic, that may be triggered upon the liquidation and sale events of assets in the manner described above. Such tax consequences may be material.

The Liquidation Analysis does not include recoveries resulting from any potential preference, fraudulent transfer or other litigation or avoidance actions.

The Liquidation Analysis assumes that all asset proceeds and creditor recoveries are at nominal amounts and does not consider the discounting of values over time. The discounting of values would result in lower recoveries to constituents than presented in this Liquidation Analysis.

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Executive Summary

I. Executive Summary

The Liquidation Analysis assumes full recovery for the DIP facility, an estimated range of recoveries for the senior secured lenders of between 33.5% and 35.8% (including recovery on deficiency claim), and between 9.7% and 13.5% for all general unsecured creditors

Total net proceeds available for distribution are between $1.66 and $1.84 billion

Recovery breakouts for the Stock Pledges, Group A Debtors and Group B Debtors are included in Appendices C-E

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Hypothetical Liquidation Analysis - Combined Summary

Combined Recoveries
(Stock Pledges, Group A Debtors, Group B Debtors)

(all values in USD 000's, unless otherwise noted)

	Illustrative Recovery Range			
		Low Range		**High Range**
Net Distributable Value from Stock Pledges		-		-
Net Distributable Value Subject to Lien Basket		633,000		633,000
Net Distributable Value to Unsecured Creditors		1,025,693		1,209,648
Total Net Distributable Proceeds		**1,658,693**		**1,842,648**
Less: Superpriority Secured Claims	**Allowed Claim**		**Allowed Claim**	
DIP Facility and Other	500,000	500,000	500,000	500,000
Payout for Superpriority Secured Claims		**100.0%**		**100.0%**
Less: Secured Claims				
Secured Debt Holders Claims	2,337,000	633,000	2,337,000	633,000
Payout % for Secured Claims		**27.1%**		**27.1%**
Remaining Distributable Value		525,693		709,648
Less: Admin and Priority Claims				
Trade Accounts Payable (Post-Petition)		-		-
Accrued Liabilities, Other Admin. and Priority	63,012	63,012	63,012	63,012
Payout % for Admin. and Priority Claims		**100.0%**		**100.0%**
Remaining Distributable Value		462,681		646,636
Less: General Unsecured Claims				
Senior Debt Deficiency Claim	1,704,000	150,566	1,704,000	204,493
Bond Debt	1,342,000	118,580	1,342,000	161,051
Trade Accounts Payable	14,651	2,116	14,651	3,219
Intercompany Loans	1,087,512	96,093	1,087,512	130,510
Intercompany A/P	62,318	10,361	62,318	16,114
Other General Unsecureds	569,302	85,684	569,302	131,249
Total Unsecured Non-Priority Claims	**4,779,783**	**463,400**	**4,779,783**	**646,636**
Payout % for G/U Claims		**9.7%**		**13.5%**
Memo				
Secured Debt Holders Claim Recovery		783,566		837,493
Total Secured Debt Holders Claim		2,337,000		2,337,000
Total Payout % for Senior Secured Debt		33.5%		35.8%

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Executive Summary

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near-term for going-concern value to the extent such a sale provides the highest value to creditors

- **Purpose of Analysis**
  - The Hypothetical Liquidation Analysis is required to be included in the Disclosure Statement for the purpose of evaluating whether the Plan of Reorganization meets the best interest of creditors test under section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis will be prepared assuming a Chapter 7 proceeding under the Bankruptcy Code on a hypothetical liquidation date with assets being liquidated
  - The analysis assumes that the Group A and Group B Debtor assets are sold via an orderly transition to an Original Equipment Manufacturer (OEM) or competitor
- **Overview of Analytical Approach**
  - Develop a 6-month orderly transition budget for debtor production/non-production facilities, followed by 12-month estate Wind-Down
  - Given the JIT nature of Lear's operations it was assumed certain OEMs participate in an orderly Wind-Down/transfer of programs
    - Transition period assumes cooperation from customers
    - At the conclusion of the initial 6-month period, the customer will pay for all "usable" inventory and pay all "undisputed" A/R (assumed asset sale date of 12/31/09)
  - Appraisals for real property are used where available
  - Wind-Down costs include (but are not limited to): retention pay (incl. medical for finite period), transfer, facility clean-up, facility holding maintenance/disposal costs, trustee fees, M&E liquidation fees, real estate liquidation fees, professional fees
  - Determine going-concern valuation for non-filing entities

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Executive Summary

The Production Mapping process resulted in several entities that would either be liquidated or would experience going-concern value impairment as a result of the liquidation of the Debtors

- **Overview of Analytical Approach (cont'd)**
  - Determine treatment of claims waterfall (secured claims, priority/admin. claims, unsecured claims) and overall recoveries to claim categories
  - Certain assumptions were made related to foreign customer attrition and foreign trade contraction
  - A critical component of the analysis involves understanding the sales/manufacturing relationships ("Production Mapping") among the Debtors and non-Debtors
    - Winding down Debtor production facilities has a negative impact to going concern valuation for certain non-Debtor entities in cases where there is a significant sales/manufacturing relationship that cannot be replaced or resourced
- **Production Mapping Approach**
  - As a result of the US entities being liquidated, the Toll Manufacturing relationships will be significantly impacted. As a result we value the following entities on a liquidation basis
    - Lear Automotive EEDS Honduras SA
    - Consorcio Ind. Mex de Autoparts (CIMA)
    - Lear Elect Systems de Mexico
    - Lear Corporation Mexico, S.A. de C.V.
    - Lear Mexicana S. de R.L. de C.V.
    - Lear Mexican Trim Operations
    - Lear Corporation (Vietnam) Limited

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Executive Summary

Based on this analysis, it is believed that the Debtors' proposed Plan of Reorganization satisfies the Plan confirmation requirements under section 1129(a)(7) of the Bankruptcy Code

- **Production Mapping Approach (cont'd)**
  - These entities are removed from the going-concern group and are assumed to be liquidated regardless of whether the stock is pledged. Due to the local laws that govern most of these entities, it was assumed that the proceeds generated from liquidating these entities are used to satisfy local creditors and no residual value was assumed to satisfy stock pledges or "flow" up to Group A or Group B unsecured creditors. Throughout this analysis, this group of entities will be referred to as the "Liquidating non-Debtors"
- **Conclusion**
  - Based on the significantly lower estimated recoveries for both secured and unsecured creditors under this hypothetical liquidation analysis, A&M believes that the Debtors Plan and Disclosure Statement satisfies the requirements of 1129(a)(7) of the Bankruptcy Code

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Description of Assumptions / Methodology

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Description of Assumptions / Methodology

I. Asset Recovery

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Asset Recovery**
  - Assets Subject to Lien Basket
    - The credit agreement provides that the senior secured lenders are entitled to a security interest on the assets of the Group A Debtors not to exceed 10% of the value of Global Consolidated Assets (the "Lien Basket")
    - The categories of assets that participate in this lien basket include: accounts receivable, intercompany loans (excluded in this analysis), inventories, machinery/equipment, prepaid expenses, intellectual property and other misc. assets
    - As of May 2009, Global Consolidated Assets totaled $6.3 billion, therefore, the lien basket limitation is assumed to be $633 million (10% x $6.33 billion = $633 million)
  - Cash and Equivalents
    - Cash, Cash Equivalents and Short-Term Investments include cash in the Debtors' domestic bank accounts, cash equivalents, and investments that mature within 90 days or less. The estimated recovery for this category of assets is 100%

(all values in USD 000's, unless otherwise noted)	Cash & Equivalents (estimated as of 12/31/09)		
	Group A	Group B	Liquidating Non-Debtors
Cash and Equivalents	124,000	15,000	22,000
Cash Pickup from Non Essential Overhead	7,584	917	1,346
Other Cash Adj.	(129,700)	-	-
DIP Proceeds	434,699	65,301	-
Cash & Cash Equivalents	**436,583**	**81,218**	**23,346**

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Hypothetical Liquidation Analysis Methodology

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Asset Recovery (con't)**
  - Accounts Receivable
    - As a result of maintaining continued supply to their customers and assisting with the transition of their operations to OEMs or competitors, the Debtors assume collection of most of the receivables (net of reserves). Included in the Liquidation Analysis are estimated recoveries of 80% to 95% of the net book value of accounts receivable

(all values in USD 000's, unless otherwise noted)

	Accounts Receivable (estimated as of 12/31/09)		
	Group A	**Group B**	**Liquidating Non-Debtors**
A/R - Commercial Customers	192,431	54,844	86,229
A/R - Affiliated Customers	67	-	-
A/R - Factored	-	-	-
A/R - Securitized	(146,766)	-	-
A/R - Shipped Not Billed	240	22	9
Accounts Receivable	**45,972**	**54,866**	**86,239**
Accounts Receivable Reserve	(1,119)	(259)	(5)
Net Trade Receivables	**44,854**	**54,607**	**86,233**

  - Intercompany Loans/Receivables
    - Intercompany trade relates to vertically integrated sales. Intercompany loans reflect documented loan transactions. The liquidation analysis splits intercompany A/R and A/P, and intercompany loans and does not assume the right of setoff. For example, if XYZ debtor owes ABC non-Debtor $100, but ABC non-Debtor owes XYZ Debtor $50. The analysis assumes that the $50 owed by ABC non-Debtor is an asset included in the liquidation analysis, whereas the $100 owed to ABC non-Debtor is an unsecured liability of the estate

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Hypothetical Liquidation Analysis Methodology

I. Asset Recovery

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Asset Recovery (con't)**
  - Inventories
    - Inventories include raw materials, work-in-process, and finished goods, as well as spare parts and non-productive inventory. Due to the limited immediate availability of alternative product (which in many cases is none), the Liquidation Analysis assumes that customers will continue to purchase product from the Debtors for the duration of the initial 6-month period, allowing the Debtors to convert much of their inventory into finished goods. In addition, it is assumed that the remaining inventory is sold to the successor entity at approximately net book value. The liquidation values for inventory are based on the inventory balances from each Debtor's respective books and records, adjusting for items that would have limited recoveries in a liquidation, such as rework (parts not yet meeting quality control standards), excess and obsolete, damaged and defective and packaging goods. The resulting liquidation values employed in the Liquidation Analysis are equal to a blended recovery of 75% to 85% of net book value

(all values in USD 000's, unless otherwise noted)	**Inventory (estimated as of 12/31/09)**		
	Group A	**Group B**	**Liquidating Non-Debtors**
Raw Material	49,082	53,969	9,575
Work In Process	1,771	3,818	4
Finished Goods	32,508	21,134	3,589
Inventory Reserves - Obsolescence Reserve	(15,870)	(8,271)	(2,302)
Total Inventories	**67,491**	**70,650**	**10,865**

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Hypothetical Liquidation Analysis Methodology

I. Asset Recovery

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Asset Recovery (con't)**
  - Machinery/Equipment
    - Machinery & equipment (which includes but is not limited to categories such as machinery, computer and manufacturing equipment, leaseholds, autos, and construction-in-progress) is assumed to have liquidation values ranging from 25% and 35% of net book value

(all values in USD 000's, unless otherwise noted)

	Machinery & Equipment (estimated as of 12/31/09)		
	Group A	Group B	Liquidating Non-Debtors
Total Machinery & Equipment	629,034	336,890	75,767
Accum Depreciation - Mach & Equip	(559,708)	(242,862)	(61,047)
Total Machinery & Equipment	**69,327**	**94,028**	**14,720**

  - Prepaid Expense
    - Prepaid Expenses and Other Current Assets include deposits, investments in other non-affiliated companies, deferred charges, and other miscellaneous prepaid expenses. Recovery estimates for prepaid expenses and other current assets vary depending upon their nature and assessment of their quality during an orderly liquidation. The estimated blended recovery for this category is approximately 10%, based upon either the use of these assets during the initial 6-month period or expected de minimis recovery on these items
  - Land / Buildings
    - Because no recent appraisals exist for the Debtors' land/buildings, the fair market value of these assets was derived using 2008 and 2009 tax appraisal estimates

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Hypothetical Liquidation Analysis Methodology

II. Recovery Attributed to non-Debtor Foreign Stock

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Recovery Attributed to non-Debtor Foreign Stock**
  - A&M did not prepare a full valuation analysis for each of the non-Debtor entities; rather, a range of Enterprise Value / EBITDAR (EV/EBITDAR) multiples was applied to an estimate of FY 2010 EBITDAR (as adjusted) by non-Debtor legal entity
  - It was assumed that the implied range of EV/EBITDAR multiples used for purposes of valuing the non-Debtor entities was between 4.0x – 5.0x (based on a median peer group multiple of 4.5x)
  - To the extent that certain entities were identified in the production mapping as having significant production relationships, these entities were treated as either having (a) an impairment to 2010 EBITDAR (totaling approximately $10.3 million), or (b) were assumed to be liquidated and included in the Liquidating non-Debtors, depending on the percentage of customer business impacted by the liquidation of the North American business
  - An adjustment was made to December 2009 cash totaling $371.5 million, based on expected trade contraction in the foreign operations following the announcement of a liquidation and/or sale of the Debtor operations
  - Two adjustments were made to the foreign stock valuation based on customer attrition. First, the cash balance was adjusted by $19.4 million based on the Q4(2009) estimated FCF impact from the loss of approximately 10% in non-Debtor sales with an associated contribution margin of approximately 12%. Second, 2010 EBITDAR was adjusted by $92.7 million to reflect the EBITDAR impact due to the permanent loss of these customers

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Hypothetical Liquidation Analysis Methodology

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Summary of Claims**
  - Super-Priority Secured Claims
    - The Debtors' debtor-in-possession ("DIP) financing facility of $500 million was assumed to receive full recoveries. In order to not unfairly prejudice secured versus unsecured creditors, the recovery for the DIP was assumed to apply ratably to both Group A and Group B, based on distributable proceeds, from both Group A and Group B recoveries as well as secured and unsecured recoveries
  - Secured Claims
    - Secured Claims predominately include the outstanding prepetition revolving credit facility of $1.268 billion, and prepetition term loan facility of $1.069 billion (collectively, the "Senior Secured Claims"). The Senior Secured claims have a security interest in the form of certain non-Debtor foreign stock pledges as well as a Lien Basket on certain Debtor assets not to exceed 10% of Consolidated Global Assets. For purposes of this analysis, the Lien Basket is assumed to be $633 million
    - **The Liquidation Analysis estimates a range of recoveries for the Senior Secured Claims of between 33.5% and 35.8%**

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Hypothetical Liquidation Analysis Methodology

The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Summary of Claims (con't)**
  - Administrative / Priority Claims
    - Administrative and Priority Claims primarily include approximately $63.0 million for items such as accrued compensation claims, workers compensation, benefit-related expenses, non-income taxes payable, non-trade payables, and other estimated miscellaneous administrative claims. No administrative claims for postpetition intercompany payable claims from trade or loans were assumed in this analysis
    - **The liquidation analysis estimates a range of recoveries for the Administrative / Priority claims of 100.0%**
  - General Unsecured Claims
    - General Unsecured Claims include estimates for all unsecured non-priority claims arising prior to the Chapter 7 cases. Included within General Unsecured Claims are prepetition trade accounts payable, other general unsecured claims related to legal and other unsecured non-priority obligations, and prepetition inter-company trade and notes payable claims
    - **The liquidation analysis estimates a range of recoveries for the General Unsecured Claims of between 9.7% and 13.5%**

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The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Summary of Chapter 7 Assumed Liabilities**
  - Trade A/P (Postpetition), Accrued Salaries and Wages , Taxes Payable, Other Employee Benefits
    - In order to ensure an orderly transition of Debtor operations to successor entities, it was assumed that virtually all of the Debtor employees are hired by the successor entities, including some positions that may be deemed redundant over the long-term, as part of the transaction to purchase the operations (the "Current Employee Obligations")
    - As of the Transition Date, approximately $268.2 million and $165.7 in Current Employee Obligations and other assumed liabilities are estimated to be outstanding for the Group A and Group B Debtors, respectively
    - Additionally, it was also assumed that all postpetition trade A/P would also be assumed by the successor entity in order to preserve the viability of the supply chain of the Debtors
    - These assumed obligations reduce the estimated gross proceeds received from the sale of the Debtors' assets. In order to burden both the Secured and Unsecured recoveries equitably, the allocation of these assumed liabilities was based on estimated gross distributable proceeds from assets for both secured claimants and unsecured claimants

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The Liquidation Analysis will assume that the Chapter 7 trustee will sell assets producing positive cash flow or have a reasonably good chance of producing positive cash flow in the near term for going-concern value to the extent such a sale provides the highest value to creditors

- **Summary of Wind-Down Costs**
  - Trustee Fees
    - Trustee Fees includes all fees paid to the Chapter 7 Trustee by each Debtor, consistent with the fee structure set forth in the Bankruptcy Code. In light of the size of the distributions, the Chapter 7 Trustee Fee is estimated at approximately 1.0% of the non-intercompany and noncash distributable proceeds at each Debtor entity rather than the 3% maximum allowed under the Bankruptcy Code
  - Professional Fees
    - Professional Fees include the cost of liquidators, financial advisors, attorneys, and other professionals retained by the Trustee in connection with the Wind-Down of the estates (e.g., liquidation and recovery of assets, sales transaction fees, claims reconciliation, legal fees, etc.). The professional fees are estimated for each Debtor at 1.5% of estimated proceeds available for distribution
  - Wind-Down Costs
    - *Initial 6-Month Wind-Down Budget*
      - The Liquidation Analysis contemplates the consensual, orderly transition of the Debtors' U.S. operations during a 6-month period. During the Wind-Down Period, the Debtors would continue to supply their customers with goods until the end of the initial 6-month period. Management believes that a "consensual" Wind-Down, as outlined above, would yield significantly higher recoveries in a liquidation by (i) allowing for the management and collection of receivables at / or close to historical collection rates; (ii) providing a method to convert existing inventory into sales of finished goods as the Debtors continue to provide goods to their customers; (iii) providing an outlet to sell unused productive inventory to new re-sourced suppliers at approximately net book values; (iv) mitigating contract damage as a result of continuation of supply and cooperation; and (v)

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- **Summary of Wind-Down Costs (con't)**
  - Wind-Down Costs (con't)
    - *Initial 6-Month Wind-Down Budget (con't)*
      - maximizing value in the foreign operations, which share many similar customers with the Debtors. During this period an estimate was made for certain non-essential overhead that could be removed during the initial 6-month period. The costs of this initial 6-month Wind-Down period, as well as the cash benefit resulting from the reduction of certain non-essential overhead, are reflected in the pro-forma 12/31/09 balance sheet cash for the Debtors
    - *12-Month Estate Wind-Down Budget*
      - Following the initial 6-month Wind-Down period involving the sale and /or transition of a majority of the Debtors' assets, it is assumed that a certain level of minimal overhead is needed to support the Wind-Down of the remaining estate affairs
      - In the aggregate, total estate Wind-Down expenses for the 12-month period are estimated at approximately $14.4 million for the Group A Debtors, Group B Debtors and Liquidating non-Debtors

APPENDIX A
Summary of Distributable Value

Summary of Distributable Value

Summary of Distributable Value

Lear Corporation, et al.
Hypothetical Liquidation Analysis - Summary of Distributable Value

(all values in USD millions, unless otherwise noted)

	Est. Book Value	2010P EBITDAR	Reference Range Low	Reference Range High	Illustrative Value Range Low	Illustrative Value Range High
Non-Debtor Distributable Value						
Total Non-Debtor Foreign Entities		126.6	4.0x	5.0x	506.3	632.9
Plus: Equity Interest in Affiliates	53.7				53.7	53.7
Plus: Total Cash	594.2				594.2	594.2
Plus: Lear ASC Equity Value	143.8		80.0%	95.0%	115.0	136.6
Plus: Recovery on I/C Due	1,087.5				96.1	130.5
Less: I/C Debt Owed	(1,598.8)				(1,598.8)	(1,598.8)
Less: Local Third Party Debt	(39.3)				(39.3)	(39.3)
Illustrative Equity Value					-	-
Distributable Value %					100.0%	100.0%
Available Equity Value					-	-
Non-Debtor Stock Pledge Valuation Distributable Value (Less Cash)					*(594.2)*	*(594.2)*
Group A/B Debtor Distributable Value	**Book Value (@ Dec-09)**					
Cash	517.8		100.0%	100.0%	517.8	517.8
Land/Buildings	125.5		60.0%	80.0%	75.3	100.4
Accounts Receivable	99.5		80.0%	95.0%	79.6	94.5
Intercompany						
Receivables	87.7				61.4	70.1
Loans	1,597.6				1,268.3	1,378.1
Inventories	138.1		75.0%	85.0%	103.6	117.4
Machinery & Equipment	163.4		25.0%	35.0%	40.8	57.2
Prepaid Expense	24.9		10.0%	10.0%	2.5	2.5
Other						
Less: Assumed Liabilities	(433.8)				(433.8)	(433.8)
Less: Wind-Down Costs					(56.7)	(61.4)
Available Debtor Distributable Value					**1,658.7**	**1,842.6**
Debtor Distributable Value (Less Cash)					*1,140.9*	*1,324.8*
Total Available Distributable Value					**1,658.7**	**1,842.6**

APPENDIX B
Detailed Liquidation Summary

Detailed Liquidation Summary

Low Recovery Range

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Detailed Summary

(all values in USD 000's, unless otherwise noted)

	Allowed Claim	Foreign Stock Pledges	Group A Debtors	Group B Debtors	Total	Notes
		Low Recovery Range				
Net Distributable Value from Stock Pledges		-			-	Appendix C
Net Distributable Value Subject to Lien Basket			633,000	-	633,000	Appendix D
Net Distributable Value to Unsecured Creditors			899,600	126,093	1,025,693	Appendix D, E
Total Net Distributable Proceeds		**-**	**1,532,600**	**126,093**	**1,658,693**	
Less: Superpriority Secured Claims						
DIP Facility and Other	500,000		434,699	65,301	500,000	
Payout for Superpriority Secured Claims					**100.0%**	
Less: Secured Claims						
Secured Debt Holders Claims	2,337,000	-	633,000		633,000	
Payout % for Secured Claims					**27.1%**	
Remaining Distributable Value		**-**	**464,902**	**60,792**	**525,693**	
Less: Admin and Priority Claims						
Trade Accounts Payable (Post-Petition)	-		-	-	-	
Accrued Liabilities, Other Admin. and Priority	63,012		62,292	720	63,012	Appendix D, E
Payout % for Admin. and Priority Claims					**100.0%**	
Remaining Distributable Value			**402,609**	**60,071**	**462,681**	
Less: General Unsecured Claims						
Senior Debt Deficiency Claim	1,704,000		150,566	-	150,566	Appendix D, E
Bond Debt	1,342,000		118,580	-	118,580	Appendix D, E
Trade Accounts Payable	14,651		900	1,216	2,116	Appendix D, E
Intercompany Loans	1,087,512		96,093	-	96,093	Appendix D, E
Intercompany A/P	62,318		3,173	7,189	10,361	Appendix D, E
Other General Unsecureds	569,302		33,298	52,386	85,684	Appendix D, E
Total Unsecured Non-Priority Claims	**4,779,783**		**402,609**	**60,791**	**463,400**	
Payout % for G/U Claims					**9.7%**	

Memo

Total Payout % for Senior Secured Debt	33.5%

Detailed Liquidation Summary

High Recovery Range

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Detailed Summary

(all values in USD 000's, unless otherwise noted)

		High Recovery Range				
	Allowed Claim	**Foreign Stock Pledges**	**Group A Debtors**	**Group B Debtors**	**Total**	**Notes**
Net Distributable Value from Stock Pledges		-	-	-	-	Appendix C
Net Distributable Value Subject to Lien Basket			633,000	-	633,000	Appendix D
Net Distributable Value to Unsecured Creditors			1,043,800	165,848	1,209,648	Appendix D, E
Total Net Distributable Proceeds		**-**	**1,676,800**	**165,848**	**1,842,648**	
Less: Superpriority Secured Claims						
DIP Facility and Other	500,000		434,699	65,301	500,000	
Payout for Superpriority Secured Claims					**100.0%**	
Less: Secured Claims						
Secured Debt Holders Claims	2,337,000	-	633,000		633,000	
Payout % for Secured Claims					**27.1%**	
Remaining Distributable Value		**-**	**609,101**	**100,547**	**709,648**	
Less: Admin and Priority Claims						
Trade Accounts Payable (Post-Petition)	-		-	-	-	
Accrued Liabilities, Other Admin. and Priority	63,012		62,292	720	63,012	Appendix D, E
Payout % for Admin. and Priority Claims					**100.0%**	
Remaining Distributable Value			**546,809**	**99,826**	**646,636**	
Less: General Unsecured Claims						
Senior Debt Deficiency Claim	1,704,000		204,493	-	204,493	Appendix D, E
Bond Debt	1,342,000		161,051	-	161,051	Appendix D, E
Trade Accounts Payable	14,651		1,222	1,997	3,219	Appendix D, E
Intercompany Loans	1,087,512		130,510	-	130,510	Appendix D, E
Intercompany A/P	62,318		4,309	11,805	16,114	Appendix D, E
Other General Unsecureds	569,302		45,224	86,025	131,249	Appendix D, E
Total Unsecured Non-Priority Claims	**4,779,783**		**546,809**	**99,826**	**646,636**	
Payout % for G/U Claims					**13.5%**	

Memo

Total Payout % for Senior Secured Debt 35.8%

APPENDIX C
non-Debtor Stock
Recovery Estimates

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Non-Debtor Stock Recovery

Calculation of Non-Debtor Stock Recovery Distributable Value

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Stock Pledge Valuation

(all values in USD millions, unless otherwise noted)	Est. Book Value [a]	2010P EBITDAR	Reference Range Low	Reference Range High	Illustrative Value Range Low	Illustrative Value Range High	Notes
Total Non-Debtor Foreign Value		126.6	4.0x	5.0x	506.3	632.9	Appendix G
Plus: Equity Interest in Affiliates	53.7				53.7	53.7	Appendix G
Plus: Total Cash	594.2				594.2	594.2	Appendix G
Plus: Lear ASC Equity Value	143.8				115.0	136.6	Note A
Plus: Recovery on I/C Due	1,087.5				96.1	130.5	Note B
Less: I/C Debt Owed	(1,598.8)				(1,598.8)	(1,598.8)	Note B
Less: Local Third Party Debt	(39.3)				(39.3)	(39.3)	Appendix G
Illustrative Equity Value					-	-	
Unencumbered Value %					100.0%	100.0%	
Available Equity Value					-	-	
100% Stock Distribution %					0.0%	0.0%	Note C
65% Stock Pledge Distribution %					0.0%	65.0%	Note C
35% Unencumbered Distribution % (Residual to Group A)					0.0%	35.0%	Note C
35% Unencumbered Distribution % (Residual to Group B)					0.0%	0.0%	Note C
Unencumbered Non Pledge Stock % Distribution (Residual to Group A)					0.0%	0.0%	Note C
Unencumbered Non Pledge Stock % Distribution % (Residual to Group B)					0.0%	0.0%	Note C
Total Secured Claims from Pledged Stock					**-**	**-**	
Total Secured Debt Holders Claim					2,337.0	2,337.0	Note D
Secured Debt Holders Claim (Net of Pledged Stock Proceeds)					**2,337.0**	**2,337.0**	Note E
Remaining Distributable Value:							
To Group A Creditors					-	-	
To Group B Creditors					-	-	

Notes:

[a] Book value as of May 2009. Cash has been adjusted for estimated non-Debtor trade contraction and FCF loss due to customer attrition

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Notes

Notes

- **Note A** – The prepetition Senior Secured Lenders have a pledge of 100% of the equity in Lear ASC which is assumed to range between 80-95% of the value of accounts receivable as of 12/31/09
- **Note B** – To the extent a non-Debtor foreign entity is a lender to one of the Debtors, the recovery on this intercompany loan has been adjusted to equal the unsecured recovery % for the relevant Debtor bankruptcy. For example, if XYZ non-Debtor is owed $100 from a Group A Debtor, and the unsecured recovery % for the Group A Debtors is estimated at between 15% and 20%, the assumed recovery on this loan is estimated to be between $15 and $20. To the extent a non-Debtor foreign entity is a borrower to one of the Debtors, the recovery on this loan to the Debtors is assumed to range between 70% and 80% (with the exception of a certain $500 million intercompany loan due form Luxemburg to Lear Corporation which is assumed to recover 100%). The discount rate on the loan reflects the additional risk of default of the non-Debtor foreign entity in the event of a liquidation of the Debtors operations
- **Note C -** Distribution of total non-Debtor foreign value to each of the collateral categories, including 100% stock pledges, 65% stock pledges and non-pledged entities, based on the equity value of each individual collateral category divided by the sum of the value of all collateral categories.
- **Note D** – Estimated claim for the prepetition Secured Debtholders
- **Note E** – The remaining Secured Debtholders' Claim after the application of pledged stock proceeds is assumed to be the beginning secured claim balance for the Group A recovery analysis

APPENDIX D
Group A Debtor Recovery Estimates

Group A - Proceeds Analysis

Net Distributable Assets Subject to Lien Basket

- The net distributable assets subject to the Lien Basket range from $1.24 billion to $1.37 billion, which exceeds the estimated Lien Basket limitation estimate of $633 million. Therefore, the prepetition secured lenders are estimated to receive the full amount of the Lien Basket value. The distributable value over the Lien Basket of between $602.1 million and $737.9 million is assumed unencumbered and available for distribution to priority, administrative and general unsecured creditors
- With the exception of a $500 million intercompany loan due from Luxemburg to Lear Corporation (assumed to be 100% recoverable), the remaining intercompany loans due from non-Debtor foreign entities is expected to receive a recovery range between 70% and 80%

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Group A

ASSETS

(all values in USD 000's, unless otherwise noted)

		Lower Liquidation Value		Higher Liquidation Value		
	Net Book Value	Estimated Value	Estimated Realization Rate	Estimated Value	Estimated Realization Rate	Notes
Assets Subject to Lien Basket						
Accounts Receivable	44,854	35,883	80.0%	42,611	95.0%	Note A
Intercompany						
Receivables	12,317	8,622	70.0%	9,853	80.0%	
Loans	1,555,923	1,239,146	79.6%	1,344,739	86.4%	
Inventories	67,491	50,618	75.0%	57,368	85.0%	Note A
Machinery & Equipment	69,327	17,332	25.0%	24,264	35.0%	Note A
Prepaid Expense	24,153	2,415	10.0%	2,415	10.0%	Note A
Other		-	0.0%	-	0.0%	Note A
Gross Distributable Value Subject to Lien Basket	**1,774,064**	**1,354,016**		**1,481,250**		
Less: Assumed Liabilities (Attributable to Lien Basket Assets)						
Accrued Salaries and Wages	7,128	(2,602)		(2,387)		Note B
Taxes Payable	10,236	(3,737)		(3,428)		Note B
Other Employee Benefits	40,521	(14,795)		(13,570)		Note B
Trade A/P (Post Petition)	169,402	(61,851)		(56,731)		Note B
Other Assumed Liabilities	40,889	(14,929)		(13,693)		Note B
Distributable Assets (Net of Assumed Liabilities)		**1,256,102**		**1,391,441**		
Less: Attributable Wind-Down Costs	**Total Costs**					
Trustee Fees (% of Distributable Assets)	1.0%	(6,330)		(6,330)		Note C
Estate Wind-down Costs		(5,166)		(4,719)		Note D
Professional Fees	1.5%	(9,495)		(9,495)		Note E
Net Distributable Value Subject to Lien Basket		**1,235,111**		**1,370,897**		
Lien Basket Limitation		633,000		633,000		
Net Distributable Value Above Lien Basket		**602,111**		**737,897**		

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Group A - Proceeds Analysis

Net Distributable Assets “Not” Subject to Lien Basket

- Total net distributable assets “not” subject to the Lien Basket, and available for distribution to Priority, Administrative and General Unsecured creditors ranges between $899.6 million and $1.04 billion

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Group A

ASSETS

(all values in USD 000's, unless otherwise noted)

	Net Book Value	Lower Liquidation Value Estimated Value	Lower Liquidation Value Estimated Realization Rate	Higher Liquidation Value Estimated Value	Higher Liquidation Value Estimated Realization Rate	Notes
Assets Not Subject to Lien Basket						
Net Distributable Value Above Lien Basket		602,111		737,897		Note F
Cash and Cash Equivalents	436,583	436,583	100.0%	436,583	100.0%	Note G
Land Buildings	103,375	62,025	60.0%	82,700	80.0%	
Gross Distributable Value Not Subject to Lien Basket	**539,957**	**1,100,718**		**1,257,180**		
Less: Assumed Liabilities (Attributable to Remaining Assets)						
Accrued Salaries and Wages	7,128	(4,525)		(4,741)		Note B
Taxes Payable	10,236	(6,499)		(6,808)		Note B
Other Employee Benefits	40,521	(25,727)		(26,951)		Note B
Trade A/P (Post Petition)	169,402	(107,552)		(112,671)		Note B
Other Assumed Liabilities	40,889	(25,960)		(27,196)		Note B
Distributable Assets (Net of Assumed Liabilities)		**930,456**		**1,078,812**		
Distributable Unencumbered Value from Foreign Stock Pledges		-		-		
Less: Attributable Wind-Down Costs	**Total Costs**					
Trustee Fees (% of Distributable Assets)	1.0%	(9,305)		(10,788)		Note C
Estate Wind-down Costs		(7,594)		(8,042)		Note D
Professional Fees	1.5%	(13,957)		(16,182)		Note E
Total Distributable Unencumbered Value		**899,600**		**1,043,800**		

Group A – Recovery Analysis

Group A Liquidation Analysis

- The estimated range of recoveries for prepetition Senior Secured Lenders is between 33.5% and 35.8% (including estimated recoveries from foreign stock pledges)
- The estimated range of recoveries for Group A General Unsecured creditors is between 8.8% and 12.0%.
- The DIP and Priority/Administrative claims are assumed to receive full recovery

RECOVERIES	**Lower Liquidation Value**		**Higher Liquidation Value**		
(all values in USD 000's, unless otherwise noted)	**Estimated Allowed Claim**	**Estimated Recovery**	**Estimated Allowed Claim**	**Estimated Recovery**	
Total Available Distributable Assets		**1,532,600**		**1,676,800**	See Previous Page
Less: Secured Claims					
DIP Facility and Other	434,699	434,699	434,699	434,699	Note H
Secured Debt Holders Claims (Net of Pledge Stock Proceeds)	2,337,000	633,000	2,337,000	633,000	
Total Secured Claims	2,771,699	1,067,699	2,771,699	1,067,699	
Payout % for Secured Claims		**38.5%**		**38.5%**	
Remaining Distributable Value		**464,902**		**609,101**	
Less: Admin and Priority Claims					
Trade Accounts Payable (Post-Petition)	-	-	-	-	
Accrued Liabilities, Other Admin. and Priority	62,292	62,292	62,292	62,292	
Payout % for Admin. and Priority Claims		**100.0%**		**100.0%**	
Remaining Distributable Value		**402,609**		**546,809**	
Less: General Unsecured Claims					
Senior Debt Deficiency Claim	1,704,000	150,566	1,704,000	204,493	
Bond Debt	1,342,000	118,580	1,342,000	161,051	
Trade Accounts Payable	10,184	900	10,184	1,222	
Intercompany Loans	1,087,512	96,093	1,087,512	130,510	
Intercompany A/P	35,908	3,173	35,908	4,309	
Other General Unsecureds	376,839	33,298	376,839	45,224	
Total Unsecured Non-Priority Claims	**4,556,443**	**402,609**	**4,556,443**	**546,809**	
Payout % for G/U Claims		**8.8%**		**12.0%**	
Memo					
Total Payout % for Senior Secured Debt		33.5%		35.8%	

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Notes

Notes

- **<u>Note A</u>** – Based on proforma balances as of 12/31/09
- **<u>Note B</u>** – At the conclusion of the 6-month Wind-Down period, it is assumed that all employees will become employees of the successor entities. As part of the sale of these assets, certain current employee-related liabilities, as well as all post petition trade A/P outstanding at the time of the sale are assumed by the successor entities. The assumption of these liabilities is netted against the total gross distributable value. Assumed liabilities are shared ratably between total gross distributable assets subject to lien basket and total gross distributable assets “not” subject to lien basket
- **<u>Note C</u>** – Trustee fees are assumed to be 1.0% of net distributable assets. These fees are assumed on proceeds from both assets subject to lien basket and assets “not” subject to lien basket
- **<u>Note D</u>** – Certain Wind-Down costs are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the remaining estate affairs
- **<u>Note E</u>** – Certain professional fees are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the estate. These fees are assumed to be 1.5% of gross distributable proceeds
- **<u>Note F</u>** – The Lien Basket limits the security interest on certain Group A assets up to 10% of Global Consolidated Assets (assumed to be $633 million for the Liquidation Analysis). Any net distributable assets over this amount are available for distribution to unsecured creditors
- **<u>Note G</u> -** Based on proforma balances as of 12/31/09, including proceeds of DIP facility
- **<u>Note H</u> -** The DIP claim is assumed to be distributed ratably between Group A Debtors and Group B Debtors based on Total Distributable Unencumbered Value

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APPENDIX E

Group B Debtor

Recovery Estimates

Group B - Proceeds Analysis

Group B Liquidation Analysis

- The net distributable assets available for distribution to Group B Debtor creditors range between $126.1 and $165.8 million

Lear Corporation, et al.
Hypothetical Liquidation Analysis - Group B

ASSETS
(all values in USD 000's, unless otherwise noted)

		Lower Liquidation Value		Higher Liquidation Value		
	Net Book Value	Estimated Value	Estimated Realization Rate	Estimated Value	Estimated Realization Rate	Notes
Cash and Cash Equivalents	81,218	81,218	100.0%	81,218	100.0%	Note A
Land/Buildings	22,088	13,253	60.0%	17,670	80.0%	
Accounts Receivable	54,607	43,686	80.0%	51,877	95.0%	Note A
Intercompany						
Receivables	75,338	52,737	70.0%	60,271	80.0%	
Loans	41,642	29,149	70.0%	33,313	80.0%	
Inventories	70,650	52,987	75.0%	60,052	85.0%	Note A
Machinery & Equipment	94,028	23,507	25.0%	32,910	35.0%	Note A
Prepaid Expense	734	73	10.0%	73	10.0%	Note A
Other		-	0.0%	-	0.0%	Note A
Total Assets	**440,305**	**296,611**		**337,385**		
Less: Assumed Liabilities						
Accrued Salaries and Wages	5,389	(5,389)		(5,389)		Note B
Taxes Payable	1,160	(1,160)		(1,160)		Note B
Other Employee Benefits	6,916	(6,916)		(6,916)		Note B
Trade A/P (Post Petition)	134,687	(134,687)		(134,687)		Note B
Other Assumed Liabilities	17,514	(17,514)		(17,514)		Note B
Total Distributable Assets		**130,944**		**171,719**		
Distributable Unencumbered Value from Foreign Stock Pledge:		**-**		**-**		
Less: Attributable Wind-Down Costs	**Total Costs**					
Trustee Fees (% of Distributable Assets)	1.0%	(1,309)		(1,717)		Note C
Estate Wind-down Costs		(1,578)		(1,578)		Note D
Professional Fees	1.5%	(1,964)		(2,576)		Note E
Total Distributable Unencumbered Value		**126,093**		**165,848**		

Group B – Recovery Analysis

Group B Liquidation Analysis

- The estimated range of recoveries for Group B General Unsecured creditors is between 27.2% and 44.7%.
- The DIP and Priority/Administrative claims are assumed to receive full recovery

RECOVERIES	**Lower Liquidation Value**		**Higher Liquidation Value**		
(all values in USD 000's, unless otherwise noted)	**Estimated Allowed Claim**	**Estimated Recovery**	**Estimated Allowed Claim**	**Estimated Recovery**	
Total Available Distributable Assets		**126,093**		**165,848**	See Previous Page
Less: Secured Claims					
DIP Facility and Other	65,301	65,301	65,301	65,301	Note F
Secured Debt Holders Claims	-		-		
Total Secured Claims	65,301	65,301	65,301	65,301	
Payout % for Secured Claims		**100.0%**		**100.0%**	
Remaining Distributable Value		**60,792**		**100,547**	
Less: Admin and Priority Claims					
Trade Accounts Payable (Post-Petition)	-	-	-	-	
Accrued Liabilities, Other Admin. and Priority	720	720	720	720	
Payout % for Admin. and Priority Claims		**100.0%**		**100.0%**	
Remaining Distributable Value		**60,791**		**99,826**	
Less: General Unsecured Claims					
Senior Debt Deficiency Claim	-	-	-	-	
Bond Debt	-	-	-	-	
Trade Accounts Payable	4,467	1,216	4,467	1,997	
Intercompany Loans	-	-	-	-	
Intercompany A/P	26,410	7,189	26,410	11,805	
Other General Unsecureds	192,463	52,386	192,463	86,025	
Total Unsecured Non-Priority Claims	**223,340**	**60,791**	**223,340**	**99,826**	
Payout % for G/U Claims		**27.2%**		**44.7%**	

Notes

Notes

- **Note A** – Based on proforma balances as of 12/31/09
- **Note B** – At the conclusion of the 6-month Wind-Down period, it is assumed that all employees will become employees of the successor entities. As a result as part of the sale of these assets, certain current employee-related liabilities outstanding at the time of the sale are assumed to be assumed by the successor entities. The assumption of these liabilities is netted against the total gross distributable value
- **Note C** – Trustee fees are assumed to be 1% of net distributable assets. These fees are assumed on proceeds from both assets subject to lien basket and assets "not" subject to lien basket
- **Note D** – Certain Wind-Down costs are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the remaining estate affairs
- **Note E** – Certain professional fees are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the estate. These fees are assumed to be 1.5% of gross distributable proceeds
- **Note F** - The DIP claim is assumed to be distributed ratably between Group A Debtors and Group B Debtors based on Total Distributable Unencumbered Value

APPENDIX F
Liquidating non-Debtor Recovery Estimates

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Liquidating non-Debtor - Proceeds Analysis

Liquidating non-Debtor Proceeds Analysis

- The net distributable assets available for distribution to Liquidating non-Debtors' creditors range between $50.5 million and $74.5 million

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Group C

ASSETS

(all values in USD 000's, unless otherwise noted)

		Lower Liquidation Value		Higher Liquidation Value		
	Net Book Value	Estimated Value	Estimated Realization Rate	Estimated Value	Estimated Realization Rate	Notes
Cash and Cash Equivalents	23,346	23,346	100.0%	23,346	100.0%	Note A
Land/Buildings	42,606	21,303	50.0%	29,824	70.0%	
Accounts Receivable	86,233	68,987	80.0%	81,922	95.0%	Note A
Intercompany						
Receivables	4,637	3,246	70.0%	3,710	80.0%	
Loans	1,198	839	70.0%	958	80.0%	
Inventories	10,865	8,149	75.0%	9,235	85.0%	Note A
Machinery & Equipment	14,720	3,680	25.0%	5,152	35.0%	Note A
Prepaid Expense	556	56	10.0%	56	10.0%	Note A
Other		-	0.0%	-	0.0%	Note A
Total Assets	**184,161**	**129,604**		**154,202**		
Less: Assumed Liabilities						
Accrued Salaries and Wages	5,249	(5,249)		(5,249)		Note B
Taxes Payable	29,994	(29,994)		(29,994)		Note B
Other Employee Benefits	13,485	(13,485)		(13,485)		Note B
Trade A/P (Post Petition)	18,062	(18,062)		(18,062)		Note B
Other Assumed Liabilities	10,998	(10,998)		(10,998)		Note B
Total Distributable Assets		**51,816**		**76,414**		
Distributable Unencumbered Value from Foreign Stock Pledges		**-**		**-**		
Less: Attributable Wind-Down Costs	**Total Costs**					
Trustee Fees (% of Distributable Assets)	1.0%	(518)		(764)		Note C
Estate Wind-down Costs		(45)		(45)		Note D
Professional Fees	1.5%	(777)		(1,146)		Note E
Total Distributable Unencumbered Value		**50,476**		**74,459**		

Liquidating non-Debtor – Recovery Analysis

Liquidating non-Debtor Recovery Analysis

- Due to local laws that govern most of these entities, it was assumed that the proceeds generated from liquidating these entities are used to satisfy local creditors and no residual value was assumed to satisfy stock pledges or “flow” up to Group A or Group B creditors.

RECOVERIES	**Lower Liquidation Value**		**Higher Liquidation Value**		
(all values in USD 000's, unless otherwise noted)	**Estimated Allowed Claim**	**Estimated Recovery**	**Estimated Allowed Claim**	**Estimated Recovery**	
Total Available Distributable Assets		**50,476**		**74,459**	See Previous Page
Less: Secured Claims					
DIP Facility and Other	-	-	-	-	Note F
Secured Debt Holders Claims	-	-	-	-	
Total Secured Claims	-	-	-	-	
Payout % for Secured Claims		**0.0%**		**0.0%**	
Remaining Distributable Value		**50,476**		**74,459**	
Less: Admin and Priority Claims					
Trade Accounts Payable (Post-Petition)	-	-	-	-	
Accrued Liabilities, Other Admin. and Priority	2,486	2,486	2,486	2,486	
Payout % for Admin. and Priority Claims		**100.0%**		**100.0%**	
Remaining Distributable Value		**47,990**		**71,973**	
Less: General Unsecured Claims					
Senior Debt Deficiency Claim	-	-	-	-	
Bond Debt	-	-	-	-	
Trade Accounts Payable	-	-	-	-	
Intercompany Loans	13,308	10,893	13,308	13,308	
Intercompany A/P	41,497	33,967	41,497	41,497	
Other General Unsecureds	3,824	3,130	3,824	3,824	
Total Unsecured Non-Priority Claims	**58,629**	**47,990**	**58,629**	**58,629**	
Payout % for G/U Claims		**81.9%**		**100.0%**	

Notes

Notes

- **Note A** – Based on proforma balances as of 12/31/09
- **Note B** – At the conclusion of the 6-month Wind-Down period, it is assumed that all employees will become employees of the successor entities. As a result as part of the sale of these assets, certain current employee-related liabilities outstanding at the time of the sale are assumed to be assumed by the successor entities. The assumption of these liabilities is netted against the total gross distributable value
- **Note C** – Trustee fees are assumed to be 1% of net distributable assets. These fees are assumed on proceeds from both assets subject to lien basket and assets "not" subject to lien basket
- **Note D** – Certain Wind-Down costs are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the remaining estate affairs
- **Note E** – Certain professional fees are assumed to be incurred post 12/31/09 in order to support the Wind-Down of the estate. These fees are assumed to be 1.5% of gross distributable proceeds
- **Note F** - The DIP is not assumed to be a claimant against the Liquidating non-Debtors

APPENDIX G
Valuation Support
Detail

Valuation Support Detail

Valuation Support Detail

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Valuation Support

(all values in USD millions, unless otherwise noted)

2010 EBITDAR by Entity Grouping

Entity Category	Amount
Group A Debtors	$ 78.0
Group B Debtors	62.7
Liquidating Non-Debtors	38.1
100% Stock Pledge	127.3
65% Stock Pledge	92.5
Non-Pledgee	20.0
Other Reconciling Items	22.8
Total EBITDAR	**$ 441.4**
65% Stock Pledge - Residual to Group A	93.1
65% Stock Pledge - Residual to Group B	(0.6)
Total 65% Residual	**$ 92.5**
Non-Pledgee - Residual to Group A	21.6
Non-Pledgee - Residual to Group B	(1.6)
Total Non-Pledgee Residual	**$ 20.0**

2010 Sales by Entity Grouping

Entity Category	Amount
100% Stock Pledge	5,554.2
65% Stock Pledge	1,570.9
Non-Pledgee	597.6
2010 Sales	**$ 7,722.6**
65% Stock Pledge - Residual to Group A	1,392.5
65% Stock Pledge - Residual to Group B	178.3
Total 65% Residual	**$ 1,570.9**
Non-Pledgee - Residual to Group A	513.4
Non-Pledgee - Residual to Group B	84.1
Total Non-Pledgee Residual	**$ 597.6**

May 2009 3rd Party Debt by Entity Grouping

Entity Category	Amount
100% Stock Pledge	8.3
65% Stock Pledge	22.7
Non-Pledgee	8.3
Total 3rd Part Debt	**$ 39.3**
65% Stock Pledge - Residual to Group A	17.4
65% Stock Pledge - Residual to Group B	5.3
Total 65% Residual	**$ 22.7**
Non-Pledgee - Residual to Group A	8.3
Non-Pledgee - Residual to Group B	-
Total Non-Pledgee Residual	**$ 8.3**

May 2009 Cash by Entity Grouping

Entity Category	Amount
100% Stock Pledge	704.7
65% Stock Pledge	258.5
Non-Pledgee	21.9
Total Cash	**$ 985.1**
65% Stock Pledge - Residual to Group A	247.3
65% Stock Pledge - Residual to Group B	11.2
Total 65% Residual	**$ 258.5**
Non-Pledgee - Residual to Group A	21.7
Non-Pledgee - Residual to Group B	0.2
Total Non-Pledgee Residual	**$ 21.9**

May 2009 Equity In Affiliates by Entity Grouping

Entity Category	Amount
100% Stock Pledge	19.6
65% Stock Pledge	34.1
Non-Pledgee	-
Total Equity in Affiliates	**$ 53.7**
65% Stock Pledge - Residual to Group A	34.1
65% Stock Pledge - Residual to Group B	-
Total 65% Residual	**$ 34.1**
Non-Pledgee - Residual to Group A	-
Non-Pledgee - Residual to Group B	-
Total Non-Pledgee Residual	**$ -**

Q4 2009 Commercial Sales (5+7 FCST)

Entity Category	Amount
100% Stock Pledge	1,286.8
65% Stock Pledge	229.8
Non-Pledgee	103.1
Total Q4 Commercial Sales (5+7)	**$ 1,619.6**
65% Stock Pledge - Residual to Group A	175.3
65% Stock Pledge - Residual to Group B	54.5
Total 65% Residual	**$ 229.8**
Non-Pledgee - Residual to Group A	97.9
Non-Pledgee - Residual to Group B	5.2
Total Non-Pledgee Residual	**$ 103.1**

ALVAREZ & MARSAL

Valuation Support Detail (cont'd)

Summary of Adjusted Foreign Cash

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Summary of Adjusted Foreign Cash Balance

(all values in USD millions, unless otherwise noted)

Summary of Adjusted Foreign Non-Debtor Cash Balance

Entity Category	Est. Book Value [a]	Non-Debtor Q4-09 Sales % Distribution	Est. Trade Contraction [b]	Q4 FCF Loss (Due to Customer Attrition) [c]	Normalized Adj. Cash
100% Stock Pledge	704.7	79.4%	(295.2)	(15.4)	394.1
65% Stock Pledge	258.5	14.2%	(52.7)	(2.8)	203.1
Non-Pledgee	21.9	6.4%	(23.6)	(1.2)	(3.0)
Total Cash	**$ 985.1**	**100.0%**	**$ (371.5)**	**$ (19.4)**	**$ 594.2**
65% Stock Pledge - Residual to Group A	247.3	10.8%	(40.2)	(2.1)	205.0
65% Stock Pledge - Residual to Group B	11.2	3.4%	(12.5)	(0.7)	(2.0)
Total 65% Residual	**$ 258.5**	**14.2%**	**$ (52.7)**	**$ (2.8)**	**$ 203.1**
Non-Pledgee - Residual to Group A	21.7	6.0%	(22.4)	(1.2)	(1.9)
Non-Pledgee - Residual to Group B	0.2	0.3%	(1.2)	(0.1)	(1.0)
Total Non-Pledgee Residual	**$ 21.9**	**6.4%**	**$ (23.6)**	**$ (1.2)**	(3.0)

Notes:

[a] Estimated book value actual as of May 2009.

[b] Estimated trade contraction based on 37.5 days payable outstanding (DPO) reduction in Europe and 17.5 DPO reduction in Asia and South American, respectively

[c] Cash adjustment based on the loss of approximately 10% in Q4 2009 sales with a margin of approximately 12%, related to customer attrition

Valuation Support Detail (cont'd)

Summary of Adjusted Debtor Cash

Lear Corporation, et al.

Hypothetical Liquidation Analysis - Summary of Adjusted Debtor Cash Balance

(all values in USD millions, unless otherwise noted)

Summary of Adjusted Debtor Cash

Entity Category	Amount (as of Dec-09) [a]	DIP Proceeds	Cash Pick-Up from Non-Essential Overhead	Bankruptcy Assumptions [b]	Adj. Cash (as of Dec-09)
Group A Debtors	124.0	434.7	7.6	(129.7)	436.6
Group B Debtors	15.0	65.3	0.9	-	81.2
Total Cash	**$ 139.0**	**$ 500.0**	**$ 8.5**	**$ (129.7)**	**$ 517.8**

Notes:

[a] December 2009 cash balances based on May 2009 ending balance(Group A - $275 million, Group B - $20.0 million), plus FCF (excluding prepetition debt service) for the seven months ending Decemer 2009 for Group A and Group B, respectively, using the Company's 5+7 forecast (Group A ($151) million, Group B - ($5.0) million)

[b] Bankruptcy Assumptions include the overlay of various bankruptcy-related assumptions not included in the Company's 5+7 forecast, including addition of DIP cash interest ($35.8 million), professional fees ($28.5 million), D&O Insurance ($15.4 million), and financing fees ($50 million)

Valuation Support Detail (cont'd)

FY 2010 Non-Debtor EBITDAR Impairment Adjustments

Lear Corporation, et al.
FY 2010 EBITDAR Impairment - Production Mapping

(all values in USD millions, unless otherwise noted)

Estimated EBITDAR Impairment by Entity Grouping	
Entity Category	Amount
100% Stock Pledge	6.4
65% Stock Pledge	1.0
Non-Pledgee	2.9
Total EBITDAR	**$ 10.3**
65% Stock Pledge - Residual to Group A	1.0
65% Stock Pledge - Residual to Group B	-
Total 65%	**$ 1.0**
Non-Pledgee - Residual to Group A	2.9
Non-Pledgee - Residual to Group B	-
Total Non-Pledgee	**$ 2.9**
Total Estimated EBITDAR Impairment	**$ 10.3**

Lear Corporation, et al.
FY 2010 EBITDAR Impairment - Customer Attrition

(all values in USD millions, unless otherwise noted)

Sales Impairment by Entity Grouping					
Entity Category	2010 Sales	Lost Sales %	Lost Sales $	Margin Est.	EBITDAR Impact
100% Stock Pledge	5,554.2	10.0%	(555.4)	12.0%	(66.6)
65% Stock Pledge	1,570.9	10.0%	(157.1)	12.0%	(18.9)
Non-Pledgee	597.6	10.0%	(59.8)	12.0%	(7.2)
Total	**$ 7,722.6**		**$ (772.3)**		**$ (92.7)**
65% Stock Pledge - Residual to Group A	1,392.5	10.0%	(139.3)	12.0%	(16.7)
65% Stock Pledge - Residual to Group B	178.3	10.0%	(17.8)	12.0%	(2.1)
Total 65%	**$ 1,570.9**		**$ (157.1)**		**$ (18.9)**
Non-Pledgee - Residual to Group A	513.4	10.0%	(51.3)	12.0%	(6.2)
Non-Pledgee - Residual to Group B	84.1	10.0%	(8.4)	12.0%	(1.0)
Total Non-Pledgee	**$ 597.6**		**$ (59.8)**		**$ (7.2)**
Total	**$ 7,722.6**		**$ (772.3)**		**$ (92.7)**

Valuation Support Detail (cont'd)

FY 2010 EBITDAR Impairment Adjustments

Lear Corporation, et al.

Hypothetical Liquidation Analysis - FY 2010 Adj. EBITDAR

(all values in USD millions, unless otherwise noted)

2010 EBITDAR by Entity Grouping (Impairment Adj.)				
Entity Category	Amount	Production Mapping Adj.	Customer Attrition	Adj. EBITDAR
100% Stock Pledge	121.0	(6.4)	(66.6)	48.0
65% Stock Pledge	91.5	(1.0)	(18.9)	71.6
Non-Pledgee	17.1	(2.9)	(7.2)	7.0
Total EBITDAR	**$ 229.6**	**$ (10.3)**	**$ (92.7)**	**$ 126.6**
65% Stock Pledge - Residual to Group A	92.1	(1.0)	(16.7)	74.3
65% Stock Pledge - Residual to Group B	(0.6)	-	(2.1)	(2.7)
Total 65%	**$ 91.5**	**$ (1.0)**	**$ (18.9)**	**$ 71.6**
Non-Pledgee - Residual to Group A	18.7	(2.9)	(6.2)	9.7
Non-Pledgee - Residual to Group B	(1.6)	-	(1.0)	(2.7)
Total Non-Pledgee	**$ 17.1**	**$ (2.9)**	**$ (7.2)**	**$ 7.0**

Valuation Support Detail (cont'd)

Lear ASC Residual Value

Lear Corporation, et al.
Hypothetical Liquidation Analysis

Wind Down Balance Statement Forecast
FYE 2009 (5+7 FCST)
Lear ASC

(all values in USD 000's, unless otherwise noted)

Account	Lear ASC Corporation Dec-09	Discount: 80.0% Low Recovery	Discount: 95.0% High Recovery
Accounts Receivable	**146,766**		
Accounts Receivable Reserve	(3,000)		
Net Trade Receivables	**143,766**		
TOTAL ASSETS	**143,766**	115,013	136,578
I/C AP/AR	-		
I/C Loans	81,098		
I/C Accrued Interest	-		
I/C Non Settled	32,976		
Total Intercompany Accounts	**114,074**		
Intercompany Cash	-		
Total Long Term Liabilities	**114,074**		
TOTAL LIABILITIES	**114,074**		
Stock	73,605		
Retained Earnings	(43,912)		
Minimum Pension Adjustment	-		
Other Comprehensive Income	-		
Currency Translation Adjustment	-		
Total Equity before Noncontrolling Interest	**29,692**		
Minority Interest Liability	-		
TOTAL EQUITY	**29,692**		