LEAR CORP
Form DEFA14A
July 09, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
þ Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Lear Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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21557 Telegraph Road
Southfield, Michigan 48033

July 9, 2007

Dear Lear Stockholder:

On or about May 23, 2007, we mailed to you a definitive proxy statement dated May 23, 2007, as supplemented on June 18, 2007, relating to our annual meeting of stockholders currently scheduled for July 12, 2007 (the annual meeting) to consider, among other things, a proposal to adopt the Agreement and Plan of Merger, dated as of February 9, 2007, by and among Lear, AREP Car Holdings Corp. (Parent) and AREP Car Acquisition Corp.

On July 9, 2007, the parties amended the merger agreement to increase the consideration payable to Lear stockholders from $36.00 to $37.25 per share in cash, without interest. In addition, the merger agreement amendment provides that if the requisite stockholder vote is not obtained on or prior to July 16, 2007, subject to certain exceptions, the Company will pay Parent $12.5 million, issue to Parent 335,570 shares of the Company s common stock and increase from 24% to 27% the share ownership limitation under the waiver of Section 203 of the Delaware General Corporation Law (DGCL) previously granted by the Company to affiliates of and funds managed by Carl C. Icahn.

We intend to convene the annual meeting on July 12, 2007 for the sole purpose of adjourning it in order to permit the solicitation of additional votes in favor of the adoption of the merger agreement and to provide stockholders with additional time to consider the changes to the merger effectuated by the amendment to the merger agreement on July 9, 2007, including the increased merger consideration, and to review the enclosed supplement. We intend to reconvene the annual meeting on July 16, 2007, at 1:00 p.m., Eastern Time, at Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801.

After careful consideration, our board of directors (excluding Mr. Vincent J. Intrieri, who did not participate in board deliberations regarding the merger) has approved the amended merger agreement and the merger and has determined that the amended merger agreement is advisable and in the best interests of Lear and its stockholders, including its unaffiliated stockholders, and approved and adopted the amended merger agreement. **Accordingly, our board of directors recommends that you vote FOR the adoption of the amended merger agreement.**

Attached to this letter is a supplement to the definitive proxy statement containing additional and updated information about Lear and the amended merger agreement. Please read this document carefully in its entirety. We also encourage you, if you have not done so already, to review carefully the definitive proxy statement, as supplemented on June 18, 2007, that was previously sent to you.

The record date for the meeting has not changed and will not change when the meeting is adjourned on July 12, 2007 to July 16, 2007. The record date will remain May 14, 2007. This means that only stockholders of record of Lear common stock at the close of business on May 14, 2007 are entitled to vote on the merger proposal at the annual meeting.

On behalf of the board of directors, we thank you in advance for your cooperation and continued support as a stockholder of Lear.

Sincerely,

Larry W. McCurdy Lead Independent Director and Chairman of the Special Committee	James A. Stern Independent Director, Member of Special Committee	Henry D.G. Wallace Independent Director, Member of Special Committee

This supplement is dated July 9, 2007 and is first being mailed to stockholders on or about July 9, 2007.

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SUPPLEMENT NO. 2 TO PROXY STATEMENT

INTRODUCTION

This supplement is being mailed to the stockholders of Lear Corporation because we have amended our merger agreement with AREP Car Holdings Corp. (Parent) and AREP Car Acquisition Corp. (Merger Sub), and our stockholders are being asked to adopt the amended merger agreement. This supplement provides information about the amended transaction and updates the definitive proxy statement, dated May 23, 2007, as supplemented by the supplement dated June 18, 2007 (collectively, the proxy statement). References to Lear, the Company, we, our, in this supplement refer to Lear Corporation and its subsidiaries unless otherwise indicated or the context otherwise requires.

This supplement is being mailed to the stockholders of Lear Corporation who are eligible to vote at the annual meeting of stockholders being held for the purposes set forth in the definitive proxy statement dated May 23, 2007, and supplemented by a proxy statement supplement dated June 18, 2007. All holders of record of our common stock as of the close of business on May 14, 2007 are entitled to notice of, and to vote at, the meeting and any adjournment or postponement of the meeting. A list of stockholders entitled to vote at the meeting, and any postponement or adjournment of the meeting, will be available for examination between the hours of 9:00 a.m. and 5:00 p.m. at our headquarters at 21557 Telegraph Road, Southfield, Michigan 48033, during the ten days prior to the meeting and also at the meeting. This supplement is first being mailed to stockholders on or about July 9, 2007.

As discussed in more detail in the proxy statement, we will hold our annual meeting at the Hotel Du Pont, 11th and Market Streets, Wilmington, Delaware 19801, on July 12, 2007, at 10:00 a.m., Eastern Time; however, we expect to convene the annual meeting for the sole purpose of adjourning it in order to permit the solicitation of additional votes and to provide stockholders with additional time to consider the changes to the merger effectuated by the amendment to the merger agreement on July 9, 2007, including the increased merger consideration, and to review this supplement. We expect to reconvene the annual meeting on July 16, 2007, at 1:00 p.m., Eastern Time, at Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801 to consider and act upon the following matters:

1. vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of February 9, 2007, as amended on July 9, 2007, by and among Lear Corporation, AREP Car Holdings Corp. and AREP Car Acquisition Corp. and the merger contemplated thereby;

2. vote upon a proposal to adjourn or postpone the annual meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the annual meeting to adopt the merger agreement;

3. elect three directors;

4. approve amendments to our Amended and Restated Certificate of Incorporation to provide for the annual election of directors;

5. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2007;

6. consider two stockholder proposals, if presented at the meeting; and

7. conduct any other business properly before the meeting or any adjournments or postponements thereof.

After careful consideration, our board of directors has determined that the amended merger agreement and the transactions contemplated by the amended merger agreement, including the merger, are advisable, substantively and procedurally fair to, and in the best interests of, Lear and Lear s unaffiliated stockholders. Our board of directors has approved and adopted the amended merger agreement and the transactions contemplated by the amended merger agreement, including the merger.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE AMENDED MERGER AGREEMENT.

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Stockholders are urged to read this supplement carefully together with the definitive proxy statement, dated May 23, 2007, and supplemented by the supplement dated June 18, 2007. The information contained in this supplement replaces and supersedes any inconsistent information set forth in the proxy statement. If you need another copy of the definitive proxy statement, the supplement dated June 18, 2007, this supplement or the previously delivered proxy card, you may obtain it free of charge from Lear by directing such request to: Lear Corporation, Attention: Investor Relations, 21557 Telegraph Road, Southfield, Michigan 48033, or by calling Investor Relations at (248) 447-1500. The definitive proxy statement, dated May 23, 2007, and the supplement dated June 18, 2007, may also be found on the internet at www.sec.gov.

Your vote is important. Properly executed proxy cards with no instructions indicated on the proxy card will be voted FOR the adoption of the merger agreement. Whether or not you plan to attend the annual meeting, please complete, sign and date the previously delivered proxy card and return it in the enclosed prepaid envelope. If you attend the annual meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your failure to vote in person at the annual meeting or to submit a properly executed proxy card will effectively have the same effect as a vote AGAINST the adoption of the merger agreement. Your prompt cooperation is greatly appreciated.

VOTING AND REVOCABILITY OF PROXIES

The holders of record of shares of our common stock as of the close of business on May 14, 2007, which is the record date for the annual meeting, are entitled to receive notice of and to vote at the annual meeting. On the record date, there were 76,685,623 shares of our common stock outstanding.

Holders of record of our common stock may vote their shares by attending the annual meeting and voting their shares of our common stock in person or by completing the previously delivered proxy card, signing and dating it and mailing it in the previously delivered postage-prepaid envelope.

NO ACTION IN CONNECTION WITH THIS SUPPLEMENT IS REQUIRED BY ANY STOCKHOLDER WHO HAS PREVIOUSLY DELIVERED A PROXY AND WHO DOES NOT WISH TO REVOKE OR CHANGE THAT PROXY.

You can change your vote and revoke your proxy at any time before it is voted at the meeting by:

- delivering to Wendy L. Foss, our Vice President, Finance & Administration and Corporate Secretary, a signed, written revocation letter dated later than the date of your proxy;
- submitting a proxy to Lear with a later date; or
- attending the meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting to revoke your proxy).

If you are not the record holder of your shares, you must follow the instructions of your bank or brokerage firm in order to change your vote.

Stockholders who have questions or requests for assistance in completing and submitting proxy cards, or in obtaining a proxy card, should contact MacKenzie Partners, Inc., our proxy solicitor, at:

105 Madison Avenue, New York, New York 10016
Banks and Brokerage Firms, Please Call: (212) 929-5500

Stockholders and All Others Call Toll Free: (800) 322-2885

We are not currently aware of any business to be acted upon at the annual meeting other than the matters discussed in the proxy statement, as supplemented by this supplement.

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UPDATE TO THE SUMMARY TERM SHEET

This updated summary term sheet, together with the updated question and answer section contained in this supplement, highlights important information about the proposed merger discussed in more detail elsewhere in this supplement and in the proxy statement. This updated summary term sheet does not contain all of the information you should consider before voting on the adoption of the amended merger agreement and the transactions contemplated thereby. To understand the merger more fully, you are urged to read carefully this entire supplement and all of its annexes, including the amendment to the merger agreement, a copy of which is attached as Annex A to this supplement, and the proxy statement and all of its annexes before voting on the proposal to adopt the amended merger agreement and the transactions contemplated thereby. The amended merger agreement is the legal document that governs the merger.

Amendment to the Merger Agreement

On July 9, 2007, we, together with Parent and Merger Sub, entered into Amendment No. 1 to the merger agreement (Amendment No. 1), which amends the merger agreement to increase the consideration payable to Lear stockholders from $36.00 per share to $37.25 per share, in each case in cash, without interest and less any applicable withholding tax. The amendment also provides that if the requisite stockholder vote for the merger is not obtained on or prior to July 16, 2007, subject to certain exceptions, the Company will pay Parent $12.5 million, issue to Parent 335,570 shares of the Company s common stock and increase from 24% to 27% the share ownership limitation under the waiver of Section 203 of the Delaware General Corporation Law (the DGCL) previously granted by the Company to Icahn affiliates.

The amendment also provides customary representations and warranties of the parties in connection with the execution of the amendment. See Summary of Amendment No. 1 to the Merger Agreement beginning on page S-27.

Recommendation of Our Board of Directors

After careful consideration, our board of directors (excluding Mr. Intrieri, who did not participate in board deliberations concerning the merger) has approved the amended merger agreement and the merger and has determined that the amended merger agreement is both procedurally and substantively fair to Lear s unaffiliated stockholders, and in the best interests of our stockholders. **Accordingly, our board of directors recommends that you vote FOR the approval and adoption of the amended merger agreement and the merger and FOR the approval of any proposal to adjourn the annual meeting to a later date to solicit additional proxies in favor of the approval and adoption of the amended merger agreement and the merger if there are not sufficient votes for approval and adoption of the amended merger agreement and the merger at the annual meeting.**

Interests of Lear s Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors with respect to the amended merger agreement and the merger, you should be aware that some of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. The board of directors was aware of these interests and considered them, among other matters, in approving the amended merger agreement and the merger. See Interests of Lear s Directors and Executive Officers in the Merger beginning on page S-21.

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UPDATE TO ANSWERS TO QUESTIONS YOU MAY HAVE

The following section provides brief answers to some of the more likely questions raised in connection with the amendment to the merger agreement and the merger. This section is not intended to contain all of the information that is important to you. You are urged to read the entire supplement and proxy statement carefully, including the information incorporated by reference and the annexes.

Q: Why are you sending me this supplement?

A: We are sending you this supplement because on July 9, 2007, we, Parent and Merger Sub amended the original merger agreement to provide for, among other things, an increase of $1.25 in cash per share over the $36.00 in cash per share provided for in the original merger agreement. This supplement provides information about the changes to the transaction and updates the proxy statement which was previously mailed to you on or about May 23, 2007 and was supplemented by the supplement previously mailed to you on or about June 18, 2007.

Q: What are the significant amendments to the original merger agreement?

A: The original merger agreement was amended to increase the merger consideration to be paid to our stockholders from $36.00 to $37.25 in cash per share of our common stock, in each case without interest and less any applicable withholding tax. In addition, the merger agreement amendment provides that if the requisite stockholder vote for the merger is not obtained on or prior to July 16, 2007, subject to certain exceptions, the Company shall pay Parent $12.5 million, issue to Parent 335,570 shares of the Company s common stock and increase the share ownership limitation from 24% to 27% under the waiver of Section 203 of the DGCL previously granted by the Company to the Icahn affiliates.

The merger agreement has also been amended to provide customary representations and warranties of the parties in connection with the execution of the amendment.

Q: Does the board of directors still support the merger?

A: Yes. Our board of directors recommends that our stockholders vote FOR the amended merger agreement.

Q: What should I do if I already voted using the proxy card you sent me earlier?

A: First, carefully read this supplement and the proxy statement, including the information incorporated by reference and the annexes. If you have already submitted a proxy, you do not need to do anything unless you want to change your vote. If you want to change your vote, you need to submit a new proxy card or attend the annual meeting and vote in person. Otherwise, you will be considered to have voted on the amended merger agreement as indicated in the proxy card you sent earlier and the proxies identified in the proxy card you sent earlier will vote your shares as indicated in that previously submitted proxy card. If you are a registered holder and you wish to change your vote, please complete, sign and date a new proxy card and return it in the accompanying prepaid envelope. If your shares are held in street name by your broker, and you wish to change your vote, please refer to your voting card or other information forwarded by your broker, bank or other holder of record to determine whether you may vote by telephone or on the Internet and follow the instructions on the card or other information provided by the record holder.

Q: What should I do if I have not voted my shares?

A: First, carefully read this supplement and the proxy statement, including the information incorporated by reference and the annexes. If you are a registered holder and you have not already delivered a properly executed proxy, please complete, sign and date the previously delivered proxy card and return it in the accompanying prepaid envelope to ensure that your shares will be represented at the annual meeting. If your shares are held in street name by your broker, and you have not already delivered a properly executed proxy, please refer to your voting card or other information forwarded by your broker, bank or other holder of record to determine whether you may vote by telephone or on the Internet and follow the instructions on the card or other information provided by the record holder. Your vote is important. Accordingly, we urge you to sign and return the previously delivered proxy card whether or not you plan to attend the annual meeting.

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Q: How do I revoke or change my vote?

A: You can change your vote at any time before the vote taken at the annual meeting by:

delivering to Wendy L. Foss, our Vice President, Finance & Administration and Corporate Secretary, a signed, written revocation letter dated later than the date of your proxy;

submitting a proxy to Lear with a later date; or

attending the meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting to revoke your proxy).

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If you also hold shares directly as a record holder in street name, or otherwise through a nominee, you may receive more than one proxy and/or set of voting instructions relating to the annual meeting. These should each be voted and/or returned separately as described elsewhere in this proxy statement in order to ensure that all of your shares are voted.

Q: What if I return my proxy card without specifying my voting choices?

A: If you return a signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted as recommended by the board of directors.

Q: When and where is the annual meeting?

A: The annual meeting will be held at the Hotel Du Pont, 11th and Market Streets, Wilmington, Delaware 19801, on July 12, 2007, at 10:00 a.m., Eastern Time; however, we intend to convene the annual meeting for the sole purpose of adjourning it in order to permit the solicitation of additional votes and to provide stockholders with additional time to consider the changes to the merger effectuated by the amendment to the merger agreement on July 9, 2007, including the increased merger consideration, and to review this supplement. We intend to reconvene the annual meeting on July 16, 2007, at 1:00 p.m., Eastern Time, at Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801.

Q: Who can vote at the annual meeting?

A: The record date for the annual meeting has not changed and will not change when the annual meeting is adjourned to July 16, 2007. You can vote at the annual meeting if you owned shares of our common stock as of the close of business on May 14, 2007, the record date. As of the record date there were 76,685,623 shares of our common stock outstanding and entitled to be voted at the annual meeting.

Q: How many votes are required to approve and adopt the merger and the amended merger agreement?

A: The affirmative vote of a majority of the outstanding shares of our common stock is required to adopt the amended merger agreement. The adoption of the amended merger agreement does not require the affirmative vote of a majority of the unaffiliated stockholders. The failure to vote has the same effect as a vote AGAINST the adoption of the amended merger agreement.

Q: Who can help answer my other questions?

A: If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of our common stock, or need additional copies of the proxy statement or the previously delivered proxy card, you may direct such question or request to Lear Corporation, 21557 Telegraph Road, P.O. Box 5008, Southfield, Michigan 48086, Attention: Investor Relations, or through Lear s website at www.lear.com. You may also contact MacKenzie Partners, Inc., our proxy solicitor, toll-free at (800) 322-2885.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This supplement contains forward-looking statements, including statements regarding anticipated financial results and liquidity. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates, the financial condition of the Company s customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company s suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company s ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company s warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company s key customers and suppliers, raw material costs and availability, the Company s ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company s ability to align its vendor payment terms with those of its customers, the finalization of the Company s restructuring strategy and other risks described from time to time in the Company s Securities and Exchange Commission (SEC) filings. The Company s proposed merger with AREP Car Acquisition Corp. is subject to various conditions including the receipt of the requisite stockholder approval from the Company s stockholders and other conditions to closing customary for transactions of this type. No assurances can be given that the proposed transaction will be consummated or, if not consummated, that the Company will enter into a comparable or superior transaction with another party.

The forward-looking statements in this proxy statement are made as of the date hereof, and we do not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof, except as required by law or the applicable regulations of the SEC.

UPDATE TO SPECIAL FACTORS

Background of the Merger

The proxy statement is supplemented to add the following disclosure in Special Factors Background of the Merger :

Following distribution of our definitive proxy statement on May 23, 2007, the special committee requested that members of Lear s senior management offer to meet with the Company s stockholders to discuss our board of directors reasons for recommending approval of the merger agreement and answer any related questions. These discussions included a presentation that was filed with the SEC as solicitation material. Additionally, on May 30, 2007, representatives of the Company, including two members of the special committee, met with representatives of Institutional Shareholder Services (ISS), a proxy advisory firm, to make a similar presentation.

At its meetings on June 14, 17 and 21, 2007, the special committee received reports on the status of discussions with the Company s stockholders. Additionally, the special committee periodically received reports on the tabulation of stockholder votes for approval of the merger agreement. At its meeting on June 14, 2007, the special committee, meeting jointly with the Audit Committee, also received a presentation from the Company s management on the Company s financial outlook for the remainder of 2007. As a result of this presentation and following a discussion among the members of the two committees, the Company revised its financial outlook for 2007. At the meeting of the special committee on June 17, 2007, the financial advisors to the special committee, JPMorgan and Evercore Partners,

provided the special committee with their evaluation of the Company s revised financial outlook. At that meeting, the special committee was informed by JPMorgan that the Company s revised 2007 financial forecast would not materially change JPMorgan s prior financial analysis. A representative of Evercore stated to the special committee that, notwithstanding the Company s revised 2007 financial outlook, he was not aware of any fundamental change in the North American automotive industry environment since February 2007 that would have an impact on the Company. Following these presentations and a discussion among special

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committee members, its advisors and members of management, the special committee unanimously concluded that no change in the board of directors recommendation on the merger agreement was warranted.

At a joint meeting of the special committee and the Executive Committee on June 21, 2007, members of these committees further reviewed the status of the Company s proxy solicitation efforts. The committees concluded that given some misunderstandings and concerns expressed by critics of the merger, the members of the special committee should distribute to stockholders a letter that summarizes the board of directors reasons for supporting the merger and addresses the principal concerns raised by opponents of the transaction. The committees also determined to reschedule the annual meeting from June 27th to July 12th to permit stockholders to review and evaluate the special committee s letter to stockholders.

On June 28, 2007, the special committee convened a meeting to discuss, among other topics, the status of the solicitation of votes for approval of the merger agreement. At that meeting, representatives of JPMorgan and Evercore, as well as the special committee s other advisors and members of the Company s management, discussed in detail the status of stockholder support for the merger agreement and possible courses of action. After receiving advice from members of senior management and the special committee s advisors, the special committee requested that Messrs. McCurdy and Rossiter approach representatives of AREP regarding the possibility of increasing the per share consideration to be paid to the Company s stockholders under the merger agreement.

Following this meeting, Messrs. McCurdy and Rossiter contacted Messrs. Icahn and Intrieri. In that conversation, Mr. McCurdy discussed stockholder concerns regarding the merger agreement, changes in industry conditions and the Company s recent financial performance. Mr. McCurdy further expressed the view that while the board of directors and the special committee continued to fully support the AREP merger proposal and believed that it represented a fair price, some improvement in the terms may be required to obtain stockholder approval. In response, Mr. Icahn indicated that the existing merger agreement provides a full and fair price to Lear stockholders, that industry conditions, particularly in North America, remain very challenging, and that the Company s long-term prospects had not changed significantly since the merger agreement was executed. Mr. Icahn further stated that AREP was not inclined to increase the offer price in the merger agreement, but that if it did, the increase would be modest and if the stockholders did not approve the transaction, AREP would expect a break-up fee of between 1.0 and 1.5 percent of the equity value of the transaction (approximately $28 million to $42 million) plus reimbursement of expenses. Mr. McCurdy indicated that such a break-up fee would be unacceptable to the special committee and the board of directors but that it might be constructive if the parties advisors and management met to discuss alternative approaches to secure an improvement in the terms of the merger proposal. Over the next ten days, representatives and advisors of the Company, AREP and Mr. Icahn engaged in numerous discussions regarding alternatives for improving the terms of the merger proposal.

Later on June 28th, representatives of Winston & Strawn LLP and Abrams & Laster LLP, legal advisors to the special committee, spoke with legal advisors to Mr. Icahn to discuss alternatives to a break-up fee in the event the Company s stockholders failed to approve the merger agreement following an increase by AREP in the merger consideration to be paid to the Company s stockholders. The special committee s advisors indicated that the board of directors would evaluate any request for consideration being paid to AREP in such a circumstance against the incremental benefits being offered to the Company s stockholders. A number of alternatives to a break-up fee were discussed. In the course of the discussions, the advisors to the special committee indicated to Mr. Icahn s legal advisors that certain of the Company s stockholders may be interested in participating in the equity of the Company following the merger if AREP ever elected to sell a portion of its equity interest.

On the evening of June 28th, Mr. Ninivaggi spoke with Mr. Intrieri. In that conversation, Mr. Intrieri suggested that in exchange for a $1.00 increase in the merger consideration and in lieu of a break-up fee in the event the stockholders failed to approve the transaction, AREP would consider exploring a combination of (i) a payment of $15 million (a

substantial portion of which would be applied to AREP s transaction costs and expenses), (ii) the issuance of warrants to AREP entitling it, upon exercise, to purchase additional shares of common stock of the Company and (iii) an increase in the share ownership limitation applicable to the Icahn affiliates under Section 203 of the DGCL from 24% to 33% of the Company s outstanding common stock. Mr. Ninivaggi thereafter reported these discussions to Mr. McCurdy and the special committee s advisors.

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On June 29, 2007, the special committee convened a meeting to consider the matters raised in discussions with AREP. A conference call with other Board members was held following the meeting to solicit their views. Following these deliberations and after consulting with the special committee s legal and financial advisors, the special committee instructed Mr. McCurdy and Mr. Rossiter to contact Mr. Icahn with the following proposal: in exchange for an increase in the merger consideration of $1.00 per share, and in the event the Company s stockholders failed to approve the terms of the amended merger agreement, the Company would reimburse AREP for up to $10 million of expenses, issue warrants having a value of $10 million for up to 3% of the Company s common stock at an exercise price of $37.00 per share, and increase the share ownership limitation applicable to the Icahn affiliates under Section 203 of the DGCL from 24% to 27% of the Company s outstanding common stock. Following the special committee s proposal to Mr. Icahn, a discussion ensued following which Mr. Icahn indicated that AREP was not interested in the terms presented by the special committee. Mr. McCurdy indicated that the terms suggested by Mr. Intrieri on June 28th remained unacceptable to the special committee.

On July 1st, Mr. Icahn met with Mr. Ninivaggi. At that meeting, Mr. Icahn again expressed his view that the merger agreement provided a full and fair price for the Company, that no acquisition proposals had been submitted for the Company during the go-shop process provided for in the merger agreement and that there had been no material change in the automotive industry environment since February 2007. However, Mr. Icahn stated that if the Company could demonstrate stockholder support for the transaction at $37.00 per share, he would raise it with AREP s board of directors and AREP s special committee for their consideration. He again indicated, however, that any improvement in the transaction terms would have to provide significant financial benefits to AREP in the event the stockholders failed to approve the enhanced merger proposal. Mr. Ninivaggi indicated that he would report Mr. Icahn s views to the special committee.

On July 2nd, Mr. Ninivaggi provided a summary of his meeting with Mr. Icahn to Mr. McCurdy and Mr. Stern, who instructed him to consult with the Company s proxy solicitor and otherwise attempt to gauge stockholder support for the merger proposal with a $1.00 per share increase in the offer price. In addition, they authorized the special committee s advisors and management to continue discussions with representatives of AREP regarding an improvement in the merger terms. In these further discussions, the special committee s advisors and Mr. Ninivaggi indicated that certain stockholders continued to believe that the merger agreement undervalued the Company s long-term prospects. Other stockholders were clearly more supportive of the transaction but believed that the recent improvement in the Company s financial performance justified an increase in the offer price. Mr. Icahn emphasized the continued risks inherent in the automotive industry environment and the Company s business plan and that $36.00 per share is a fair price. However, in an effort to address stockholder concerns, the parties discussed the possibility originally raised by the advisors to the special committee of providing stockholders with the opportunity to co-invest in the transaction at the same price being paid by AREP in the merger. Mr. Ninivaggi, Mr. Icahn and Mr. Intrieri then discussed how the co-investment feature could be structured, agreeing that the matter was complex and should be referred to the parties legal, financial and tax advisors. Mr. Ninivaggi also indicated that the special committee continued to believe that an increase in the cash merger consideration would be helpful in securing stockholder approval. Mr. Icahn stated that he was willing to consider an increase in the offer price. However, the improvements in the merger agreement terms would be conditioned on AREP receiving, in the event the Company s stockholders failed to approve the enhanced merger proposal, a payment of $10 million, warrants entitling AREP to purchase up to 4.9% of the Company s common stock at an exercise price of $37.00 per share and an increase in the share ownership limitation applicable to Icahn affiliates under Section 203 of the DGCL. Mr. Ninivaggi reported the discussions held with Mr. Icahn and other AREP representatives to Mr. McCurdy and each of the special committee s legal and financial advisors on July 3rd.

On July 3 and 4, 2007, further discussions occurred between representatives of the Company and AREP. In these discussions, Mr. Icahn indicated that if the Company believed it was necessary in order to obtain stockholder approval, AREP would be willing (i) to increase the cash merger consideration from $36.00 to $37.00 per share and

(ii) to offer shares of Merger Sub representing up to 35% of the common stock of the Company following the merger, assuming that the offering could be structured in a way to satisfy legal, tax, financing, timing and certain other concerns. The per share consideration paid for these shares would equal the per share consideration paid by AREP for Merger Sub s shares in the merger. In the event that the Company s stockholders failed to approve the merger agreement on the amended terms, however, AREP would receive a payment of $10 million, warrants

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entitling AREP to 3% of the Company s common stock at an exercise price of $37.00 per share and an increase in the share ownership limitation under Section 203 of the DGCL from 24% to 27% of the Company s outstanding common stock. Additional discussions with representatives of JPMorgan and Evercore were conducted to discuss the terms of the proposed warrants. On July 3, 2007, Mr. McCurdy convened a meeting of the board of directors. At that meeting, the board members discussed these proposed terms. Specific attention at the meeting was given to the benefits and concerns associated with the equity co-investment opportunity discussed with AREP. The board of directors concluded that the special committee should continue pursuing more favorable terms with AREP, including the equity co-investment opportunity, assuming the structural, timing and other concerns discussed by the parties could be appropriately addressed.

During the afternoon of July 4, 2007, Mr. Icahn contacted Mr. Ninivaggi who was meeting with representatives of Evercore and Winston & Strawn, advisors to the special committee. Mr. Icahn indicated that he was very concerned about recent U.S. automotive sales data that showed significant market share declines by the U.S. domestic automakers and the potential impact on the Company. He also indicated that AREP s advisors had raised concerns regarding the feasibility of allowing Lear stockholders to co-invest in the merger transaction. Mr. Icahn stated to Mr. Ninivaggi and the special committee s advisors, and thereafter to Mr. Rossiter, that he was not willing to improve the terms of the merger agreement. Following a discussion, Mr. Ninivaggi indicated that he would share Mr. Icahn s position with the Company s board of directors, which had a meeting scheduled later in the day. Messrs. Rossiter and Ninivaggi thereafter reported their conversations with Mr. Icahn to the board of directors. The board of directors encouraged the special committee, its advisors and the Company s management to renew discussions with AREP regarding enhanced terms.

On July 5th, Mr. Intrieri contacted Mr. Ninivaggi to discuss AREP s concerns about the recent U.S. sales data and the impact on the Company s future financial performance. Mr. Intrieri indicated that AREP remained interested in completing the merger transaction but needed to give further thought to increasing the offer price, given the level of industry risk in North America, as highlighted by the recent sales data for the U.S. domestic automakers. Mr. Ninivaggi indicated that a weakening of the North American production environment in the second half of 2007 was reflected in the Company s outlook and volatility in monthly vehicle sales was not uncommon. Mr. Intrieri suggested that Mr. Ninivaggi arrange a due diligence call involving members of the Company s senior operational and financial management to review recent industry events and trends. Mr. Ninivaggi stated that he would do so, subject to prior approval from Mr. McCurdy. Later that same day, Mr. Ninivaggi talked with Mr. Icahn and encouraged him to revisit his decision not to increase the consideration under the merger agreement.

During the morning of July 6th, Mr. Ninivaggi briefed Messrs. McCurdy and Stern on his discussions with Messrs. Icahn and Intrieri the day before. Mr. McCurdy authorized management to proceed with the requested due diligence call with AREP and requested that one of the special committee s financial advisors participate in the call. Later in the day, Messrs. Rossiter, Vandenberghe, DelGrosso and Ninivaggi, as well as other members of the Company s senior operational and financial management, along with a representative from Evercore, conducted the due diligence conference call. During the call, management reviewed the Company s recent financial performance and 2007 financial outlook, including vehicle production and other assumptions, discussed recent sales trends and their potential impact on the Company s key platforms and answered questions from AREP representatives. Following the meeting, Mr. Icahn indicated that he remained concerned about the level of industry risk facing the Company. He agreed to consider the information shared on the due diligence call and contact Mr. Rossiter later in the day to discuss whether AREP was willing to improve the merger proposal. Mr. Ninivaggi thereafter reported the results of the call to Mr. McCurdy who authorized Messrs. Rossiter and Ninivaggi to engage in further discussions with Mr. Icahn regarding the prospect of an improved offer, with a representative from Winston & Strawn present. Mr. McCurdy directed Mr. Ninivaggi to report any proposal to him as soon as practicable.

During the afternoon of July 6th, Mr. Icahn contacted Mr. Rossiter and expressed a continuing interest in obtaining stockholder support for the transaction. Messrs. Intrieri, Ninivaggi and Vandenberghe, as well as a representative from Winston & Strawn also participated in the call. Mr. Icahn reiterated that he believed the current terms of the merger were fair to stockholders, particularly given the weakening capital markets, the declining sales figures from the U.S. domestic automakers, and the potential impact of those sales trends on the Company s financial performance. However, Mr. Icahn also indicated that he continued to believe in the long-term prospects of the Company and that he would again consider limited improvements in the merger terms. Specifically, Mr. Icahn

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stated that AREP would consider increasing the per share cash merger consideration from $36.00 to $37.00 and adding an equity co-investment feature for Lear s institutional stockholders, subject to the parties advisors resolving any legal, tax, timing and other concerns relating to the equity feature. Mr. Icahn stated that the equity feature, if pursued, would have to be structured in a manner to avoid any delay in the completion of the merger and would be subject to minimum participation in excess of 20% of the Company s common stock. Messrs. Rossiter and Ninivaggi discussed and sought clarification regarding certain aspects of Mr. Icahn s proposed terms and thereafter indicated they would report the discussions to the special committee.

Mr. Ninivaggi thereafter contacted Mr. McCurdy regarding the discussions with AREP. Mr. McCurdy directed Mr. Ninivaggi to seek advice from the special committee s legal and financial advisors regarding the terms of the proposal. He also requested that management and the special committee s advisors continue to evaluate and review with AREP s representatives the issues surrounding the equity co-investment feature. Representatives from AREP and the Company thereafter reviewed the legal, tax, financing and timing issues surrounding the equity co-investment feature. Among other things, the parties concluded that in order to satisfy AREP s desire for a prompt completion of the merger, the equity co-investment would have to be structured as a private placement in order to satisfy applicable legal requirements and, as a result, could not be made available to all of the Company s stockholders and could have negative tax consequences to certain stockholders. In addition, the equity feature would likely result in an illiquid and limited trading market for holders and operational complexities for AREP, as well as a delay in the merger. Following these discussions, Messrs. Intrieri, Icahn, Ninivaggi and a representative of Winston & Strawn discussed the complexities and difficulties associated with the equity co-investment feature. Mr. Ninivaggi agreed to schedule a conference call between AREP representatives and Mr. McCurdy to discuss the matter further. Later that day, Messrs. McCurdy and Ninivaggi conducted a call with Messrs. Intrieri and Meister of AREP. During this call, the parties discussed their mutual concerns regarding the equity co-investment feature. Mr. Intrieri confirmed that AREP was willing to go forward with the increase in the cash merger consideration from $36.00 to $37.00 per share, subject to a fee in the event of a negative stockholder vote of $20 million, consisting of $10 million in cash and $10 million in Lear common stock, and an increase in the ownership limitation applicable to the Icahn affiliates under the waiver of Section 203 of the DGCL to at least 27%. Mr. McCurdy expressed his belief that a higher price would be required to secure board approval, particularly if an equity co-investment feature was eliminated. Mr. Intrieri responded that he was not in the position to authorize a further increase, but that he would discuss a price of $37.25 per share with Mr. Icahn, subject to a proportionate increase in the break-up fee.

During the evening of July 6th, the board of directors held a meeting to discuss the most recent discussions with AREP s representatives. Participating in the board meeting were all of the advisors to the special committee as well as certain members of the Company s senior management, including Mr. Ninivaggi and Mr. William McLaughlin, Lear s Vice President of Tax. The board discussed the enhanced purchase price of $37.25 as well as the implications and feasibility of the equity co-investment feature. At the meeting, a representative of JPMorgan expressed his view that nothing had caused JPMorgan to change, in any material respect, the financial analysis with respect to the valuation of the Company it performed in connection with the fairness opinion it delivered to the special committee and board of directors in February 2007. A representative of Evercore indicated that he was not aware of any fundamental change in the North American automotive industry environment since February 2007 that would have an impact on the Company. Additionally, representatives of JPMorgan, Evercore and Winston & Strawn advised the board of directors that each believed the Company and the advisors to the special committee negotiated actively to obtain more favorable terms for the stockholders and that no further improvement in the terms from AREP was likely. Following continued discussion, the board authorized Mr. McCurdy to offer AREP a proposal of $37.25 per share in the merger. The proposal would include that in the event the merger did not receive stockholder approval by July 19th, AREP would receive $12.5 million in cash and 335,570 shares of the Company s common stock (having a value of $12.5 million at $37.25 per share). Additionally, under such a circumstance, the ownership limitation applicable to the Icahn affiliates under the waiver of Section 203 of the DGCL would be increased from 24% to 27%.

Following the meeting, Mr. McCurdy contacted Mr. Intrieri and negotiated further the terms of the proposal. Following the negotiation, Mr. Intrieri indicated to Mr. McCurdy that he believed AREP would be willing to proceed with a per share price of $37.25, subject to the fee protection discussed earlier in the day. Mr. Intrieri indicated that this was as good of an offer as AREP was prepared to make. Following further discussion,

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Mr. McCurdy indicated that he would present the proposal to the Company s board of directors at a meeting scheduled for July 7th. On July 7, 2007, the board of directors discussed and approved in principle the terms negotiated to date. During the evening of July 6th and the morning of July 7th, the representatives of the parties negotiated certain of the specific terms of the amended merger proposal, subject to further discussion with Mr. Icahn.

On the afternoon of July 7th, Mr. Intrieri contacted Mr. Ninivaggi and indicated that Mr. Icahn had reservations about certain of the provisions of the revised merger proposal. Mr. Icahn s concerns focused on providing AREP with a prompt resolution of the Company s stockholder vote on the merger agreement as well as receiving assurance that AREP will obtain the break-up fee provided for in the amendment to the merger agreement in the event stockholder approval is not obtained. Later that evening, representatives of Evercore, Winston & Strawn and Abrams & Laster conducted two conference calls with advisors to Mr. Icahn to discuss alternatives to resolving the concerns expressed by Mr. Icahn. In addition, later that evening, Mr. Ninivaggi participated in a conference call with Messrs. Icahn and Intrieri to further discuss Mr. Icahn s concerns.

On the morning of July 8th, Mr. Ninivaggi and representatives of Winston & Strawn and Abrams & Laster informed Mr. Intrieri that they had concerns about the structure being proposed by AREP, which included a requirement by AREP that the stockholder vote be held no later than July 12th. They then contacted Mr. McCurdy to advise him of the unresolved issues associated with the merger proposal. Mr. McCurdy provided Mr. Ninivaggi and the advisors to the special committee with his position on the open items and indicated that they should contact representatives of AREP and attempt to negotiate a resolution consistent with his direction. Mr. Ninivaggi then contacted Mr. Stern who concurred with Mr. McCurdy s instructions. Later that afternoon, Mr. Ninivaggi along with representatives of Winston & Strawn and Abrams & Laster conducted a conference call with representatives of Mr. Icahn, as well as Messrs. Icahn and Intrieri. Following negotiations between the parties, Mr. Icahn agreed to submit to the AREP board a proposed increase in the merger consideration to $37.25 per share. The proposal would include that in the event the merger did not receive stockholder approval by July 16th, AREP would receive $12.5 million in cash and 335,570 shares of the Company s common stock. Additionally, in such event, the ownership limitation applicable to the Icahn affiliates under the waiver of Section 203 of the DGCL would be increased from 24% to 27%.

Following the conclusion of these discussions, the special committee held a meeting at which the members unanimously determined that the amended merger proposal was advisable, substantively and procedurally fair to, and in the best interests of, Lear and its unaffiliated stockholders and unanimously recommended that our board of directors approve Amendment No. 1 to the merger agreement and recommend adoption of the amended merger agreement to Lear stockholders. Later that afternoon, the Company s board of directors held a meeting. At the meeting, Mr. Ninivaggi and a representative of Winston & Strawn reviewed with the directors the terms of the proposed merger agreement amendment and related documents. The special committee then reported to the board of directors its recommendation in favor of the merger agreement amendment and the reasons for its recommendation. Messrs. Rossiter and Vandenberghe, being the management members of the board, then excused themselves from the meeting. The remaining directors further discussed the AREP proposal. Following these discussions, the non-management members of the board present at the meeting unanimously approved the merger agreement amendment and the merger. Messrs. Rossiter and Vandenberghe returned to the meeting and a vote of all of the directors present at the meeting occurred. After considering, among other things, the factors described under Reasons for the Merger; Recommendation of the Special Committee and Our Board of Directors, the financial analyses and fairness opinion of JPMorgan delivered on February 8, 2007, the views expressed by JPMorgan and Evercore at earlier meetings and the recommendation of the special committee, the directors present at the meeting unanimously determined that the merger agreement, including the amendment, and the merger were advisable, substantively and procedurally fair to, and in the best interests of, Lear and its unaffiliated stockholders and resolved to adopt resolutions approving the merger agreement amendment and the transactions contemplated thereby and recommend that our stockholders adopt the merger agreement, as amended. Following approval of the amended merger agreement by the board of directors of AREP on July 8, 2007, the parties executed Amendment No. 1 and the related agreements

on the morning of July 9, 2007.

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Reasons for the Merger; Recommendation of the Special Committee and Our Board of Directors

The proxy statement is supplemented to add the following disclosure in Special Factors Reasons for the Merger; Recommendations of the Special Committee and Our Board of Directors :

After careful consideration, our board of directors (excluding Mr. Intrieri, who did not participate in board deliberations regarding the amendment to the merger agreement):

> determined that the merger is fair to and in the best interests of the Company and its unaffiliated stockholders;
>
> approved, adopted and declared advisable the amended merger agreement and the transactions contemplated by the amended merger agreement;
>
> recommended that the stockholders of the Company vote in favor of the amended merger proposal and directed that such matter be submitted for consideration of the stockholders of the Company at the annual meeting; and
>
> authorized the execution, delivery and performance of the amended merger agreement and the transactions contemplated by the amended merger agreement.

In considering the recommendation of the board of directors with respect to the amended merger agreement, you should be aware that some of the Company s directors and executive officers who participated in meetings of the board of directors have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. See Special Factors Interests of Lear s Directors and Executive Officers in the Merger beginning on page 59 of the definitive proxy statement and Interests of Lear s Directors and Executive Officers in the Merger beginning on page S-21 of this supplement.

Opinion and Report of Advisors to the AREP Group

Opinion of Morgan Joseph & Co. Inc.

In connection with the review and analysis of the merger by Mr. Icahn, Mr. Intrieri, American Property Investors, Inc. (API), American Real Estate Holdings Limited Partnership, AREP, Icahn Partners LP, Icahn Partners Master Fund LP, Koala Holding Limited Partnership, High River Limited Partnership, Icahn Onshore LP, Icahn Offshores LP, Hopper Investments LLC, CCI Onshore Corp., CCI Offshore Corp., Barberry Corp., Parent and Merger Sub (collectively, the AREP Group), on February 1, 2007 the audit committee and the special committee of the board of directors (the API Committees) of API engaged Morgan Joseph & Co. Inc. (Morgan Joseph) to advise the API Committees and to furnish a written opinion as to the fairness to AREP, from a financial point of view, of the $36.00 per share consideration to be paid by AREP in the merger under the merger agreement.

At a meeting of the API Committees on February 9, 2007, Morgan Joseph furnished to the API Committees its opinion that, as of such date, and based upon the assumptions made, matters considered and limitations of its review set forth therein, the $36.00 per share consideration to be paid by AREP in the merger was fair, from a financial point of view, to AREP (the Original Morgan Joseph Opinion).

In connection with the review and analysis of the amended merger by the AREP Group, on July 8, 2007 the API Committees engaged Morgan Joseph to provide certain services to the API Committees and to furnish a written opinion as to the fairness to AREP, from a financial point of view, of the $37.25 per share consideration to be paid by AREP under Amendment No. 1.

At a meeting of the API Committees on July 8, 2007, Morgan Joseph furnished to the API Committees its opinion that, as of such date, and based upon the assumptions made, matters considered and limitations of its review set forth therein, the $37.25 per share consideration to be paid by AREP in the amended merger was fair, from a financial point of view, to AREP (the New Morgan Joseph Opinion and, together with the Original Morgan Joseph Opinion, the Morgan Joseph Opinions) .

Approximately 90% of the outstanding depositary units of AREP (MLP Units) are owned by affiliates of Mr. Icahn, and, therefore, AREP is deemed to be an affiliate of Mr. Icahn. API is wholly owned by affiliates of

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Mr. Icahn. Morgan Joseph was engaged to provide the Morgan Joseph Opinions to comply with provisions of indentures governing AREP indebtedness and because of Mr. Icahn s ownership of Lear common stock and his participation in the transaction in his capacity as an owner of Lear common stock. Morgan Joseph did not consider or opine as to the value of the transaction or the fairness of the transaction to the unaffiliated stockholders of Lear.

The API Committees selected Morgan Joseph as their financial advisor because Morgan Joseph has substantial experience in transactions similar to the merger. Morgan Joseph regularly engages in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements.

The description of the Original Morgan Joseph Opinion is set forth under the caption Opinion and Report of Advisors to the AREP Group Opinion of Morgan Joseph & Co. Inc. in the definitive proxy statement. You are urged to read the Original Morgan Joseph Opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the Original Morgan Joseph Opinion and the review and analyses undertaken by Morgan Joseph in furnishing to the API Committees the Original Morgan Joseph Opinion. The Original Morgan Joseph Opinion is filed