LEAR CORP
Form DEFA14A
May 30, 2007

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 (Amendment No.)

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)

Payment of Filing Fee (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

This filing consists of a presentation initially used on May 30, 2007 by Lear Corporation (Lear) in connection with a meeting with Institutional Shareholder Services (ISS). Lear will also use the presentation in connection with meetings with certain of its stockholders. A cover letter from the Chairman of the Special Committee of the Board of Directors of Lear that accompanied the presentation to ISS is also included in this filing.

Larry W. McCurdy
Chairman, Special Committee of the Board of Directors
Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48033
May 29, 2007

Mr. Christopher L. Young, JD, CFA
Director, Head of M & A Research
Institutional Shareholder Services
2099 Gaither Road, Suite 501
Rockville, Maryland 20850

Dear Mr. Young:

I am writing on behalf of the Special Committee of the Board of Directors of Lear Corporation, which was charged with evaluating the merger proposal made by American Real Estate Partners L.P. (AREP) and related matters. I appreciate your willingness to meet with me and other Lear representatives on May 30th to discuss the background of the merger proposal, Lear s response, the primary factors considered by our Board and Special Committee in their evaluation of the proposal and the reasons why we believe the AREP merger transaction is in the best interests of our shareholders. I will be joined at the meeting by Jim Stern, another independent director of Lear and member of the Special Committee, and certain members of the company s senior management.

I hope and expect that we will be able to demonstrate that the AREP merger agreement was the product of a thoughtful and deliberative process overseen and actively managed by the independent members of Lear s Board of Directors and warrants your support.

The automotive industry, particularly in North America, has faced serious challenges over the past several years. The declining market shares of the Big Three automakers, unprecedented increases in raw material and energy prices, unrelenting cost pressures and shifts in consumer preferences, among other factors, have significantly impacted Lear s financial performance. In our view, the difficult industry conditions are likely to continue for some time. The Board and company management have been very proactive in addressing this challenging environment. During 2006, the company developed a long-range strategic and financial plan that was thoroughly reviewed by the Board and the Board s outside financial advisor. The company also made considerable progress on important strategic and financing initiatives, including the divestiture of an unprofitable and non-strategic business segment and the refinancing of over $2.0 billion of near and medium-term debt maturities. The market reaction has been favorable, with the price of Lear common stock doubling between March 2006 and the announcement of the AREP merger proposal in February 2007.

Institutional Shareholder Services
May 29, 2007
Page 2

Notwithstanding recent improvements in its operating performance and stock price, the company remains vulnerable to adverse industry conditions, which remain very challenging in North America, particularly for the domestic automakers and their suppliers. The domestic automakers represent approximately 60% of Lear s net sales and each of them is going through major restructuring programs. These restructuring actions will, in turn, result in continued restructuring at Lear over the next several years. I, along with the other directors of Lear, concluded that the execution risk associated with Lear s long-range plan, as a highly-leveraged public company in a dynamic and uncertain industry environment, outweighed any incremental value to the AREP offer. The factors we considered in reaching this conclusion are fully disclosed in our proxy statement and we look forward to discussing them with you.

In addition, an important element of the AREP agreement was that the company would have a meaningful opportunity to seek superior offers from other interested parties. I can assure you that the Special Committee, working with two financial advisors, has done everything possible to do so. In the nearly four months since the execution of the AREP agreement, we have contacted more than 40 potential strategic and financial buyers. To date, Lear has not received a single competing proposal. We believe this is a reflection of the current state of the automotive industry and the fact that the AREP merger proposal is fundamentally fair to our shareholders.

Thank you again for the opportunity to meet with you, and I look forward to sharing our perspectives on the proposed transaction. Attached please find a copy of the presentation we intend to review at the meeting.

By: /s/ Larry W. McCurdy

Larry W. McCurdy
Chairman, Special Committee of the Board of Directors

/attachment