

**LEAR CORPORATION**  
**AUDIT COMMITTEE CHARTER**

**I. Purpose**

The primary objectives of the Audit Committee (the “Committee”) are: (1) to assist the Board of Directors (the “Board”) of Lear Corporation (“Lear” or the “Company”) in monitoring (a) the integrity of the Company’s financial statements, (b) the Company’s compliance with legal and regulatory financial accounting requirements, (c) the independent auditor’s qualifications and independence and (d) the performance of the Company’s internal audit function and independent auditor; (2) to prepare the report that Securities and Exchange Commission (the “Commission”) rules require to be included in the Company’s annual proxy statement; and (3) to provide an avenue of communication among the Board, independent auditor, management, and internal auditors.

**II. Membership and Meetings**

The number of members of the Committee shall be determined by the Board but in any event shall not be less than three members. Each member shall meet, as determined by the Board in its reasonable business judgment, the independence and experience requirements of the New York Stock Exchange, Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Commission, each as in effect from time to time. Each member of the Committee shall also have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements and at least one member of the Committee shall be an “audit committee financial expert” as defined by the rules of the Commission.

The members of the Committee shall be appointed by the Board. If a Committee chairperson is not designated by the Board, the members of the Committee will designate a chairperson by majority vote.

The Committee shall meet at least eight times per year or more frequently as circumstances require. The Committee should meet privately in executive session periodically with management, the director of internal audit, the independent auditor, and as a committee to discuss matters that it or each of these groups believes should be discussed. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.

Each director serving as a member of the Committee shall be indemnified with respect to such director’s service on the Committee pursuant to the Company’s by-laws and any contractual arrangements between such director and the Company providing for director indemnification.

### **III. Authority and Responsibilities**

#### **A. Authority**

*The Committee:*

- shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and the independent auditor shall report directly to the Committee
- shall have the authority to obtain advice and assistance from outside legal, accounting or other advisors and shall be provided with appropriate funding to compensate such advisors and to compensate the independent auditor for rendering or issuing an audit report or performing other audit, review or attest services
- shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities and have direct access to the independent auditor as well as anyone in the Company
- shall pre-approve all auditing services and permitted non-audit services to be performed for the Company by its independent auditor, other than de minimis services provided that the requirements pertaining to de minimis exceptions for non-audit services described in Section 10A of the Exchange Act are otherwise satisfied
- shall not engage, or otherwise permit the Company to engage, the independent auditor to provide any of the following non-audit services and arrangements: (1) the performance of any internal audit services; (2) the performance of information technology design and implementation services; (3) any arrangement pursuant to which the independent auditor provides personnel to the Company on a temporary basis; and (4) any non-audit services prohibited under Section 10A of the Exchange Act (Section 10A of the Exchange Act currently prohibits (a) bookkeeping or other services related to the accounting records or financial statements of the audit client, (b) financial information systems design and implementation, (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports, (d) actuarial services, (e) internal audit outsourcing services, (f) management functions or human resources, (g) broker or dealer, investment adviser, or investment banking services, (h) legal services, (i) expert services unrelated to the audit, and (j) any other service that the Public Company Accounting Oversight Board, which was established under Section 101 of the Sarbanes-Oxley Act of 2002, determines, by regulation, is impermissible)

#### **B. Responsibilities**

*With respect to independent auditor oversight, the Committee:*

- shall review at least annually a report by the independent auditor regarding: (1) the independent auditor's internal quality control procedures; (2) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and (3) all relationships between the independent auditor and the Company
- shall review the independent auditor's audit plan for completeness of coverage, reduction of redundant efforts, and effective use of audit resources and shall discuss scope, staffing, locations, reliance upon management, and internal audit and the general audit approach, with the independent auditor
- shall annually evaluate the independent auditor's qualifications, performance and independence, including the review and evaluation of such auditor's lead partner, and shall consider the opinions of management, the internal auditors and the independent auditor while performing these responsibilities
- shall ensure the rotation of the independent auditor's lead partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable laws and regulations
- shall consider whether the Company should rotate the independent auditor on a regular basis
- shall present its conclusions regarding the independent auditor to the full Board

*With respect to financial statements, the Committee:*

- shall discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles
- shall review and discuss, at least annually, reports from the independent auditor on (1) all critical accounting policies and practices to be used, (2) all alternative treatments of financial information with generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, (3) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences, and (4) any other matters required to be communicated to the Committee by the independent auditor under professional standards

- shall examine the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company
- shall discuss the quarterly financial information included in the Company's earnings press release, prior to the release of earnings, with management and the independent auditor
- shall meet to review and discuss the quarterly financial statements, prior to the statements' filing or distribution, with management and the independent auditor, including reviewing the Company's specific disclosures under the Management Discussion and Analysis section
- shall meet to review and discuss annual audited financial statements, prior to the statements' filing or distribution, including reviewing the Company's specific disclosures under the Management Discussion and Analysis section, with management and the independent auditor
- shall review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year (beginning in 2004) and the independent auditors' opinion and report thereon
- shall, prior to release of the year end earnings, discuss the results of the audit with the independent auditor
- shall review, with management and the independent auditor, filings with the Commission and other published documents containing the Company's financial statements and consider whether the information contained in the documents is consistent with the information contained in the financial statements

*With respect to audit functions, the Committee:*

- shall regularly report to the Board and review with the full Board any issues that arise concerning: (1) the quality or integrity of the Company's financial statements; (2) the Company's compliance with legal or regulatory requirements; (3) the performance and independence of the Company's independent auditor; or (4) the performance of the internal audit function
- shall ensure that the Company has an internal audit function, that at a minimum consists of an appropriate control process for reviewing and approving its internal transactions and accounting
- shall assess issues regarding the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies
- shall periodically and separately meet with management, internal auditors and the independent auditor to discuss auditing issues

- shall provide an avenue of communication among the Board, the independent auditor, management, and internal auditors
- shall regularly review with the independent auditor, any problems or difficulties the independent auditor encounters in the course of the audit work, and management's response thereto, including any restrictions on the scope of the independent auditor's activities or access to requested information and any significant disagreement with management
- shall review the integrity of the Company's financial reporting process and controls, including computerized information systems controls and security with the management, the independent auditor, and the internal auditors
- shall review and discuss earnings press releases, paying particular attention to any use of pro forma or adjusted non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies, with management or the Board
- shall discuss certain matters requiring communication to the Committee in accordance with the American Institute of Certified Public Accountants SAS 61 including, without limitation, (1) the auditor's responsibility in an audit and the nature of the assurance provided, (2) initial selection of and changes in significant accounting policies or their application and (3) any disagreements with management about matters that could be significant to the Company's financial statements or the auditor's report
- shall discuss policies and guidelines to govern the process by which risk assessment and risk management is undertaken by management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures
- shall set hiring policies governing the Company's hiring of employees or former employees of the Company's independent auditor
- shall obtain from the independent auditor assurance that the independent auditor has not been engaged by the Company to provide services in violation of Section 10A of the Exchange Act (prohibition on certain non-audit services and pre-approval by the Committee of any legally permitted non-audit services)
- shall annually review the adequacy of this charter and submit any recommended changes to the Board for approval and publication in accordance with Commission regulations
- shall annually review its own performance

*With respect to the internal audit department, the Committee:*

- shall annually review with management and the director of the internal audit department: (1) the internal audit department's responsibilities; (2) the internal audit department's budget, staffing and audit plan; (3) the independence and qualifications of the internal audit department staff; (4) any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information; and (5) any changes required in the planned scope of their audit plan
- shall review and concur in the appointment, replacement, reassignment, or dismissal of the director of the internal audit department
- review significant reports prepared by the internal audit department together with management's responses and follow-up to the reports

*With respect to other responsibilities, the Committee:*

- shall review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls
- shall establish procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters
- shall review with the Company's general counsel, on at least an annual basis, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or government agencies and advise the Board of its findings
- shall review with the Company's general counsel the results of the review of the Company's monitoring of compliance with the Company's Code of Business Conduct and Ethics and advise the Board of its findings
- shall prepare any Commission required reports to the shareholders and such reports should be included in the Company's annual proxy statement
- shall maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities

The Committee also shall undertake such additional activities within the scope of its primary function as the Board or the Committee may from time to time determine or as may

otherwise be required by law, the Board or the Company's by-laws or charter. The Committee shall be provided adequate funding for payment of expenses of the Committee necessary to carry out its duties.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board of the Company. While the Committee has the responsibilities and powers set forth by this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate in accordance with generally accepted accounting principles, as this is the responsibility of the independent auditor and management, respectively.