WINSTON & STRAWN LLP

43 RUE DU RHONE
1204 GENEVA, SWITZERLAND

BUCKLERSBURY HOUSE
3 QUEEN VICTORIA STREET
LONDON, EC4N 8NH

333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071-1543

35 WEST WACKER DRIVE
CHICAGO, ILLINOIS 60601-9703

(312) 558-5600

FACSIMILE (312) 558-5700

www.winston.com

200 PARK AVENUE
NEW YORK, NEW YORK 10166-4193

21 AVENUE VICTOR HUGO
75116 PARIS, FRANCE

101 CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA 94111-5894

1700 K STREET, N.W.
WASHINGTON, D.C. 20006-3817

MARK S. WEISBERG
(312) 558-8070
mweisberg@winston.com

March 15, 2007

BY E-MAIL AND FEDERAL EXPRESS
U.S. Securities and Exchange Commission
Division of Investment Management
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549-5030

Re: Lear Corporation Retirement Savings Plan Trusts

Ladies and Gentlemen:

Our firm serves as counsel for Lear Corporation, a Delaware corporation ("Lear" or the "Company"). On November 30, 2006, Lear entered into an Asset Purchase Agreement (the "Purchase Agreement") by and among International Automotive Components Group North America, Inc. ("IAC"), International Automotive Components Group North America, LLC, WL Ross & Co. LLC, and Franklin Mutual Advisors, LLC, pursuant to which Lear agreed to transfer substantially all of the assets of its North American Interior Systems Division ("ISD") to IAC in exchange for a 25% equity interest, and warrants for an additional 7% equity interest, in IAC. The transaction is expected to be completed on or about March 26, 2007 (the "Closing Date").

The Company believes that, if the Lear Corporation Retirement Savings Plan Trust—Salaried Plan and the Lear Corporation Retirement Savings Plan Trust—Hourly Plan (collectively, the "Trusts") were to accept contributions from the Lear/ISD employees once they become IAC employees (the "IAC Participants"), the Trusts might no longer technically qualify for exception under Section 3(c)(11) of the Investment Company Act of 1940, as amended (the "Act"). Therefore, the Trusts would have the obligation to register as "investment companies" under the Act, because they would hold, albeit for a limited period of time and in a limited amount, assets of a tax-qualified 401(k) plan sponsored by a company that would not be a member of Lear's controlled group.

Due to the very limited time during which IAC Participants would contribute to the Trusts; the administrative burden to IAC that would arise should it attempt to set up a separate "bare bones" 401(k) plan by the Closing Date; the adverse consequences to the IAC Participants that would occur if they could not participate in a 401(k) plan for several months; the disruption that IAC Participants would experience due to participating in an interim "bare bones" 401(k) plan; the limited amount of due diligence that IAC would be able to conduct in selecting a recordkeeper by the Closing Date, and the existence of favorable precedent, we respectfully request the assurance of the staff of the Division of Investment Management of the Securities and Exchange Commission (the "Staff") that it will not recommend, for policy reasons, enforcement action to the U.S. Securities and Exchange Commission (the "Commission") against the Trusts under Section 7 of the Act.

Moreover, the Company believes that its 25% stake in IAC, principal leadership of IAC, and full array of continued financial and administrative support services to IAC (including, but not limited to, facilities, information technology, accounting, tax, treasury, legal, purchasing, human resources, logistics, infrastructure, and transportation support), along with its continued business relationship with IAC, and interaction with the former Lear/ISD employees that will constitute the workforce of IAC, establish that the two entities are so closely related as to be considered a single employer, and therefore excepted, for purposes of Section 3(c)(11) of the Act.

On behalf of the Trusts, we therefore respectfully request the assurance of the Staff that it would not recommend enforcement action to the Commission against the Trusts under Section 7 of the Act if the Trusts do not register as "investment companies" (as defined in the Act) under the facts presented herein.

I. Background

The Lear Plans and Trusts

Lear currently sponsors tax-qualified 401(k) plans for the benefit of its employees and former employees, including individuals who are current employees of ISD. Two of these plans are the Lear Corporation Hourly Retirement Savings Plan and the Lear Corporation Salaried Retirement Savings Plan (collectively, the "Plans"). Lear's Employee Benefits Committee (the "Committee") serves as the plan administrator (within the meaning of section 3(16) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), and the named fiduciary (within the meaning of section 402(a) of ERISA) of the Plans. The Company is the settlor of the Trusts.

In its capacity as plan administrator and named fiduciary, the Committee and its delegates manage all aspects of the Plans, including selecting the various investment options offered by the Trusts, monitoring the performance of investments selected for inclusion in the Trusts, and providing direction to Northern Trust Corporation, who acts as trustee for the Trusts (the "Trustee"). The Plans have received favorable determination letters from the Internal Revenue Service indicating that they meet the requirements for qualification under Section 401(a) of the International Revenue Code of 1986, as amended, (the "Code") and that the Trusts meet the requirements to be exempt from taxation under Section 501(a) of the Code.

As of January 31, 2007, the Plans have more than 21,466 eligible participants, including 9,557 who may become IAC Participants. Under the Plans, participants may direct assets credited to their accounts into a number of different investment options, such as equity, fixed income, balanced, money market, and the Lear common stock fund.[1] Lear has registered the participation interests in the Plan and the shares of Lear stock held in the Plan under the Securities Act of 1933, as amended, pursuant to a Form S-8 registration statement. To date, the Trusts have not registered as an investment company under Section 8 of the Act because they are the trusts of a tax-qualified 401(k) plan maintained by a single employer and, as such, are currently excepted (under Section 3(c)(11) of the Act) from the Act's definition of an "investment company."

The Company does not believe that the fact that the Trusts will temporarily hold a small amount of contributions from employees of an employer outside of Lear's controlled group should deprive the IAC Participants of the opportunity to accumulate retirement plan savings for five to seven months, or force IAC to adopt a 401(k) plan that does not provide comparable benefits to those of the Plans. Furthermore, the Company believes that the nature of the ISD spin-off, the Company's subsequent 25% stake in IAC, and the ongoing close relationship between IAC and Lear supports a determination that the Plans and Trusts will continue to be maintained by a single employer for purposes of the Section 3(c)(11) exception.

<u>The Transition Period</u>

Pursuant to the Purchase Agreement, IAC has committed to establishing 401(k) plans that mirror the Plans (the "<u>Mirror Plans</u>") in order to provide comparable employee benefits for the IAC Participants. Lear has agreed to work with IAC to effectuate the establishment of the Mirror Plans for its former employees, and to provide principal leadership, guidance, and administrative assistance to IAC with respect to these plans.

To accomplish the most seamless transition possible for ISD employees transferring to IAC, Lear has further agreed to allow IAC Participants to continue to participate in the Plans until the Mirror Plans can be set up. Lear believes that continuing to allow the former ISD employees to participate in the Plans, and consequently allowing IAC Participant contributions into the Trusts, during a period from the Closing Date until the Mirror Plans can be implemented (a process, described more fully below, that should take between five and seven months) (the "<u>Transition Period</u>") would be in the best interests of IAC Participants. Such an approach would also enable IAC to fulfill its commitment to offer comparable benefit plans for its employees on a substantially uninterrupted basis after the Closing Date.

The Transition Period is necessary to allow the recordkeeper to: identify and analyze the plan rules and operating parameters of the Mirror Plans' fiduciary; establish and test payroll interfaces for the IAC Participants; segregate and test recordkeeping databases; program, load, and test new websites for the Mirror Plans; establish trustee interfaces for pricing, trading,

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[1] IAC Participants will not be allowed to make new contributions into the Lear stock fund under the Plans.

and reporting on the accounts for the Mirror Plans; establish new interfaces for investment managers; coordinate communication for IAC Participants; hire and train additional customer service support and administrative staff; and process employee elections, before the Mirror Plans and accompanying trusts can accept assets from IAC Participants. The relief requested would allow the IAC Participants to continue to make 401(k) contributions, and otherwise retain complete, substantially uninterrupted functionality in the Plans, until the Mirror Plans can be established. It would also allow Lear and IAC to achieve an orderly transition of the IAC Participants' assets from the Plans to the Mirror Plans, and would allow IAC to select a trustee and recordkeeper with the appropriate degree of care and deliberation.

Due to the limited nature of the Transition Period, the amount of IAC Participant assets in relation to the total amount of Plan assets would be very small. Currently, the Trusts hold approximately $629,039,285 of assets for the Plans. The contributions made to the Trusts by the IAC Participants is estimated to be roughly $560,000 per pay period. Thus, assuming that the Transition Period is six months in length, the total amount of the Trusts' assets that will be attributable to IAC contributions is only approximately 1%.

II. Analysis

A. Request for Transition Period Relief

The Act prohibits the sale of securities by any investment company that is not registered under Section 8 of the Act. Section 3(c)(11) of the Act excepts from the definition of "investment company" any "employee's stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986" so long as the plan is that of a "single employer." Pursuant to Section 3(c)(11) of the Act, the Trusts are currently excepted from registration under Section 8, as qualified employee trusts of a single employer.

<u>The *Honeywell* No-Action Letter</u>

The Company believes that the Staff, for policy reasons, should not recommend enforcement against the Trusts under the Act for temporarily accepting contributions from employees of two employers that were formerly considered a single employer. Previous rulings of the Staff demonstrate support for a policy of non-enforcement under facts similar to those presented here. *See* Honeywell International Inc. Savings Plan Trust (October 8, 2002) ("<u>*Honeywell*</u>"). In *Honeywell*, Honeywell sought no-action relief for a situation in which an unaffiliated entity would be a participating employer in Honeywell's 401(k) plan during a nine-month transition period following Honeywell's sale of that entity. The Staff did not recommend enforcement under Section 7 of the Act with respect to the nine-month transition period even though, as a technical matter, Honeywell's plan would not qualify for the Section 3(c)(11) exception during this period because the plan's trust would be accepting contributions from the unaffiliated employer. However, it is not clear that the Trusts can rely on *Honeywell* because, unlike the owner of the unaffiliated entity in *Honeywell*, IAC is a U.S.-based company.

In the present situation, although the Purchase Agreement calls for IAC to establish Mirror Plans that offer comparable benefits to those offered by the Plans, IAC does not currently sponsor any retirement plans. Similarly, in *Honeywell*, the purchaser did not sponsor an appropriate tax-qualified plan into which participants in the purchased entity's tax-qualified plan could readily transfer. In the present case, at the end of the Transition Period, the assets of the IAC Participants will be transferred to an IAC trust or trusts. When this occurs, the Company believes that the Trusts will again be excepted from the Act under Section 3(c)(11), as was the case in *Honeywell*, because they will once again contain only the plan assets of a single employer.

In addition, the facts of the present case provide even more support for the requested relief than did the facts of *Honeywell*. Notably, Honeywell owned "more than 50%" of the subsidiary that sponsored the plan at issue before it sold its interests in that subsidiary: After it sold the subsidiary, it retained no ownership of it. Here, Lear and ISD are one and the same: ISD is merely a division of Lear and, as such, is 100% owned by Lear. After the spin-off, Lear will continue to own 25% of IAC. In addition, the transition period in *Honeywell* was nine months in length. Here, the Transition Period should be only five to seven months in length. Finally, in *Honeywell*, Honeywell and its former subsidiary had "no significant on-going business relationship . . . after the Closing Date . . . ." To the contrary, during the Transitional Period, Lear will provide the principal leadership for IAC, and supply IAC with a full array of continued financial and administrative support services including, but not limited to, facilities, information technology, accounting, tax, treasury, legal, purchasing, human resources, logistics, infrastructure, and transportation support.[2] In addition, Lear will have a continued business relationship with IAC, and a great deal of interaction with the former Lear/ISD employees who will constitute the workforce of IAC.

<u>Ramifications that Would Occur if Relief is Not Granted</u>

Should the Staff deny the relief requested, Lear would need either to register the Trusts as investment companies under the Act, or terminate the Plan participation of IAC Participants as of the Closing Date. Given the short duration of the Transition Period, registration under the Act would be costly, administratively cumbersome, and economically impracticable. On the other hand, terminating the Plan participation of ISD employees as of the date they become IAC Participants would have significant adverse effects on those individuals.

The Plans' recordkeeper has informed the Company that it would take five to seven months to establish a recordkeeping system for the Mirror Plans. Thus, if the Trusts refuse

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[2] Due to the nature of Lear's traditional organizational arrangement, the Company has provided many services, such as human resources, payroll, and information technology, in an exclusively centralized fashion. As such, many individual facilities and/or divisions (such as ISD) have never employed individuals in these specialty functions. Going forward, IAC will have to recruit and train additional staff for these positions.

to accept contributions made by IAC Participants, either (1) the IAC Participants would experience a period of five to seven months during which they would be unable to make any 401(k) contributions, or (2) IAC would be forced to adopt a "bare bones" prototype 401(k) plan document, which would likely not be able to provide benefits comparable to those provided by the Plans (as required by the Purchase Agreement), and which would require a tremendous amount of internal administration that IAC would be ill-equipped to handle. Further, given the short time-frame, IAC would be able to conduct only a limited amount of due diligence in its selection of a plan recordkeeper. Any incremental benefit gained by registering under the Act or establishing a "bare bones" plan would be substantially outweighed by the administrative costs and hardships that would be imposed on both the IAC Participants and IAC.

<u>If Relief is Granted, Plan Participants Will Benefit and Their Interests Will Remain Protected</u>

Effective as of the Closing Date, the Committee will amend the Plans to appoint IAC, or a committee appointed by IAC, (the "<u>IAC Fiduciary</u>") as the plan administrator and named fiduciary with respect to the portions (and only those portions) of the Plans that are comprised of IAC Participant contributions. The IAC Fiduciary would have the power and authority to approve the investment options made available to IAC Participants under the Plans. Thus, the interests of the IAC Participants, separate from the interests of Plan participants generally, will be protected by the IAC Fiduciary after the Closing Date.

As the named fiduciary of the Plans with respect to the IAC Participants' contributions, the IAC Fiduciary would have a fiduciary duty to monitor the performance of the Trustee, and the power and authority to withdraw from the Trusts and appoint a new trustee with respect to its portion of the Plans at any time, without the Committee's consent. Because the Company is the settlor of the Trusts, however, only the Committee would have the power to add investment funds to the Trusts and the Committee can, without the consent of the IAC Fiduciary, remove any investment funds that are currently available.

The IAC Fiduciary would have a fiduciary duty to monitor the performance of the investment funds available to IAC Participants, whether through the Trusts or another trust or trusts that may be thereafter established by the IAC Fiduciary. Also, any investment funds that are offered to IAC Participants after the Closing Date would need to be expressly approved by the IAC Fiduciary. The list of approved investment funds would be contained in an Exhibit to the written Plan documents. If the IAC Fiduciary concludes, in its fiduciary capacity, that it would not be in the best interests of IAC Participants to offer a particular investment fund that the Committee has made available under the Trusts, the IAC Fiduciary would have the power and authority to disapprove of that fund with respect to the IAC Participants and amend the Plans to remove the fund from the list of approved investment funds in the applicable Exhibit. IAC Participants would thereafter be precluded from directing any new contributions to be invested in that fund. If the IAC Fiduciary makes the fiduciary determination that a particular fund that is not currently available under the Trusts should be made available to IAC Participants, and the

Committee declines to direct the Trustee to add such fund to the Trusts, the IAC Fiduciary would have the power to withdraw from the Trusts and create a new trust or trusts under which the fund would be offered.

Moreover, IAC Participants' interests will remain well-protected even if the Trusts do not register under the Act. As the named fiduciary of the Plans with respect to the IAC Participants' interests, the IAC Fiduciary would be obligated to act in the best interests of the IAC Participants. These fiduciary obligations ensure that the protections the IAC Participants currently enjoy will continue after the Closing Date, and until such time as the Mirror Plans are operational. The regulation of qualified plans under ERISA provides substantial protection for plan participants' retirement savings, which is recognized by the exception under Section 3(c)(11) of the Act. The Company does not believe that the additional regulation that would result from the temporary registration of the Trusts under the Act would significantly increase the protection offered to IAC participants. Conversely, it would unduly increase the burden on the Plans and Trusts and cause undo hardship to IAC and the IAC Participants.

Various Federal Laws Provide Support for Allowing Such Transitional Periods

Support for relatively brief periods of non-enforcement similar to the one sought by Lear can be found in the Act as well as other areas of federal law.

- Rule 3a-2 under the Act

According to Rule 3a-2 under the Act, a company subject to registration as an investment company for a period of less than one year will not be deemed to be engaged in the business of investing, provided that (1) the issuer "has a bona fide intent to be engaged primarily, as soon as is reasonably possible (in any event by the termination of such period of time), in a business other than that of investing, reinvesting, owning, holding or trading in securities" and (2) such intent is manifested by the company's "business activities" and an "appropriate resolution of the issuer's board of directors."

The Staff has, in the past, issued favorable no-action letters under the protective umbrella of Rule 3a-2 in situations where a company finds itself in temporary noncompliance with the Act for a period of less than a year. *See* OnePoint Communications Corp. and OnePoint Communications, LLC (June 12, 1998) (granting no-action relief to a company engaged primarily in the telecommunications business that would, for a period of less than one year, be subject to registration under the Act as a result of a public offering of its securities). While the Trusts cannot rely on Rule 3a-2 directly, since they do not intend to be engaged primarily in a business other than investing, reinvesting, owning, holding or trading in securities following the Transition Period, the Company believes that Rule 3a-2 evidences the Commission's policy of not forcing companies to bear the costs and administrative burden of registration when that same company will again be excepted from the Act within one year.

- The Internal Revenue Code

Another federal statute that expressly provides for the type of transition period sought by Lear is the Code. Section 410(b) of the Code, which sets forth three tests to determine whether an employee benefit plan impermissibly preferences highly compensated employees over non-highly compensated employees, provides for a transition period following a corporate acquisition or disposition. Under Code Section 410(b)(6)(C), a transition period is allowed during which an employee benefit plan can be tested under Section 410(b) without taking into account changes in the plan sponsor's controlled group. The transition period, which lasts from the closing date of the transaction until the last day of the first plan year beginning after the closing date, is available so long as the plan passes the standard tests for nondiscrimination immediately prior to the closing date, and does not significantly change the coverage provided under the plan during the transition period.

- ERISA

A similar transition period to that found in Section 410(b) of the Code is also provided under ERISA. Section 101(g) of ERISA provides that, under ordinary circumstances, a multiple employer welfare arrangement ("MEWA") must comply with certain health care laws and submit reports detailing such compliance. When a MEWA is temporarily created by a change in control, however, such as by a merger or acquisition, the Department of Labor has indicated that it will not assess a penalty against the MEWA. *See* Question and Answer Guide to Filing the Form M-1, *available at* http://www.dol.gov/ebsa/publications/q&a3rd.htm. This "transition period safe harbor" is available until the end of the plan year following the year in which a change of control occurs.

B. The Section 3(c)(11) Exception

The Company believes that the temporary nature of the Transition Period, coupled with the adverse consequences that IAC Participants would experience if relief is not granted, provides sufficient basis for the relief requested. Furthermore, the Company believes that Lear and IAC are so closely related that they would continue to meet the single-employer exception of Section 3(c)(11) of the Act, particularly during the Transition Period: Indeed, the very purpose of the Transition Period is to allow Lear to exercise control over IAC until IAC establishes the internal support necessary to act independently of Lear. In determining what constitutes a "single employer," the Commission has adopted a practical rather than literal approach, indicating that a trust fund for employees of employers so closely related as to be regarded a single employer (such as a parent and its subsidiaries) can be considered a single employer for purposes of satisfying the Section 3(c)(11) exception. *See* Owens-Illinois, Inc. (June 24, 1994). Previous rulings of the Staff support the conclusion that the Trusts will be maintained by a "single employer" following the spin-off of ISD to IAC.

For example, in Samaritan Health System (December 14, 1993) ("*Samaritan*"), the Staff determined that the trust of a plan maintained by the Samaritan Health System ("Samaritan") and Phoenix Children's Hospital ("PCH") were so closely related as to be considered a single employer under Section 3(c)(11) of the Act. In *Samaritan*, PCH functioned essentially as a division of Samaritan. PCH could not exist independently of Samaritan, and was established with Samaritan's capital, operated within a Samaritan medical facility, and dependent upon Samaritan for all of its organizational support and services. The Staff indicated that it would not recommend enforcement under such circumstances.

Similarly, in the present case, ISD is merely a division of the Company, and does not operate independently of Lear. As a division of Lear, the Company provides all services and financial support for ISD, including ISD's capital, funding, facilities, organizational support, payroll services, and employee benefit administration. In addition, as Lear employees, ISD employees are covered by Lear employee welfare and pension plans, including medical, long and short-term disability, and life insurance plans. IAC does not currently have the administrative capabilities to maintain these services without Lear's support. Thus, after the Closing Date, Lear will continue to provide IAC with a full array of financial and administrative support services including, but not limited to, facilities, information technology, accounting, tax, treasury, legal, purchasing, human resources, logistics, infrastructure, and transportation services and support. Because Lear will maintain a 25% ownership stake in IAC, will provide principal leadership of IAC, will continue to provide significant support services and resources to IAC, and will continue to have a significant ongoing business relationship with IAC after the Closing Date, the Company believes that it and IAC will be "so closely related" as to constitute a single employer for purposes of satisfying the Section 3(c)(11) exception, particularly during the Transition Period.

III. Conclusion

For the reasons cited above, we respectfully request that the Staff confirm, at its earliest convenience, that it will not recommend any enforcement action due to the IAC Participants contributing assets to the Trusts during the Transition Period in the manner described above, either because: (a) for policy reasons, the Staff will not recommend enforcement under Section 7 of the Act due to the brief nature of the Transition Period, before and after which the Trusts will be excepted under Section 3(c)(11) of the Act, or (b) Lear and IAC will be so closely related during the Transition Period that the "single employer" exception under Section 3(c)(11) of the Act will at all times remain available to the Trusts. If the Staff disagrees with the conclusions in this letter, or if any additional submissions are desired in support of the positions set forth above, I would appreciate an opportunity to speak with you by telephone prior to the issuance of a written response. If you have any questions regarding this request, or need any additional information, please call the undersigned at (312) 558-8070.

Sincerely,

Mark S. Weisberg

Mark S. Weisberg