

LEAR CORP  
Form DEF 14A  
March 28, 2019  
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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

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

March 28, 2019

Dear Stockholder:

On behalf of the Board of Directors of Lear Corporation, you are cordially invited to attend the 2019 Annual Meeting of Stockholders (the Annual Meeting ) to be held on May 16, 2019, at 9:00 a.m. (Eastern Time) at Lear Corporation's Corporate Headquarters, 21557 Telegraph Road, Southfield, Michigan 48033.

We have included with this letter a proxy statement that provides you with detailed information about the Annual Meeting. We encourage you to read the entire proxy statement carefully. You may also obtain more information about Lear Corporation from documents we have filed with the Securities and Exchange Commission.

We are delivering our proxy statement and annual report pursuant to the Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders over the Internet. We believe that this delivery method expedites stockholders' receipt of proxy materials and lowers the cost and environmental impact of our Annual Meeting. On or about March 29, 2019, we will mail to our stockholders a notice containing instructions on how to access our proxy materials. In addition, the notice includes instructions on how you can receive a paper copy of our proxy materials.

You are being asked at the Annual Meeting to elect directors named in this proxy statement, to ratify the retention of Ernst & Young LLP as our independent registered public accounting firm, to provide an advisory vote to approve our executive compensation, to vote to approve the Lear Corporation 2019 Long-Term Stock Incentive Plan and to transact any other business properly brought before the meeting.

Whether or not you plan to attend the Annual Meeting, your vote is important, and we encourage you to vote promptly. You may vote your shares through one of the methods described in the enclosed proxy statement. **We strongly urge you to read the accompanying proxy statement carefully and to vote FOR the nominees proposed by the Board of Directors and in accordance with the recommendations of the Board of Directors on the other proposals by following the voting instructions contained in the proxy statement.**

Sincerely,

Henry D.G. Wallace  
*Non-Executive Chairman*

Raymond E. Scott  
*President, Chief Executive Officer,  
Interim President, E-Systems and Director*

This proxy statement is dated March 28, 2019, and is first being made available to stockholders via the Internet on or about March 29, 2019.



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21557 Telegraph Road

Southfield, Michigan 48033

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

***Time and Date:*** Thursday, May 16, 2019, at 9:00 a.m. (Eastern Time)

***Place:*** Lear Corporation's Corporate Headquarters

21557 Telegraph Road

Southfield, Michigan 48033

***Record Date:*** March 21, 2019

- Items of Business:***
1. To elect the following nine nominees to the Board of Directors: Thomas P. Capo, Mei-Wei Cheng, Jonathan F. Foster, Mary Lou Jepsen, Kathleen A. Ligocki, Conrad L. Mallett, Jr., Raymond E. Scott, Gregory C. Smith and Henry D.G. Wallace;
  2. To ratify the retention of Ernst & Young LLP as the Company's registered public accounting firm for 2019;
  3. To approve, in a non-binding advisory vote, executive compensation;
  4. To approve the Lear Corporation 2019 Long-Term Stock Incentive Plan (the "2019 LTSIP"); and
  5. To conduct any other business properly brought before the Annual Meeting or any postponement thereof.

***Proxy Voting:*** **YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES OVER THE TELEPHONE, VIA THE INTERNET OR BY COMPLETING, DATING, SIGNING AND RETURNING A PROXY CARD, AS DESCRIBED IN THE PROXY STATEMENT. YOUR PROMPT COOPERATION IS GREATLY APPRECIATED.**

By Order of the Board of Directors,

Terrence B. Larkin

*Executive Vice President, Business Development,*

*General Counsel and Corporate Secretary*

**March 28, 2019**

**Notice of Internet Availability of Proxy Materials**

We are making this proxy statement and our annual report available to stockholders electronically via the Internet. On or about March 29, 2019, we will mail to most of our stockholders a notice containing instructions on how to access this proxy statement and our annual report and to vote via the Internet or by telephone. Other stockholders, in accordance with their prior requests, will receive e-mail notification of how to access our proxy materials and vote via the Internet or by telephone, or will be mailed paper copies of our proxy materials and a proxy card on or about March 29, 2019.

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**Table of Contents****LEAR CORPORATION****2019 PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. For more complete information regarding the Company's 2018 performance, please review our 2018 Annual Report on Form 10-K.

**2019 Annual Meeting of Stockholders**

**Date and Time:** May 16, 2019, 9:00 a.m. (Eastern Time)

**Location:** Lear Corporation's Corporate Headquarters, 21557 Telegraph Road, Southfield, Michigan 48033

**Record Date:** March 21, 2019

**Voting:** Stockholders as of the close of business on the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for the other proposals to be voted on.

**Shares of Common Stock Outstanding (as of the record date):** 62,415,363

**Stock Symbol:** LEA

**Exchange:** NYSE

**Registrar & Transfer Agent:** Computershare Trust Company, N.A.

**Principal Executive Office:** 21557 Telegraph Road, Southfield, Michigan 48033

**Corporate Website:** lear.com

**Investor Relations Website:** ir.lear.com

**Items to be Voted on**

<b>Proposal</b>	<b>Our Board's Recommendation</b>
Election of Directors (page 6)	FOR
Ratification of Retention of Independent Registered Public Accounting Firm (page 67)	FOR
Advisory Vote to Approve Executive Compensation (page 68)	FOR
Vote to Approve the 2019 LTSIP (page 69)	FOR

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES OVER THE TELEPHONE, VIA THE INTERNET OR BY COMPLETING, DATING, SIGNING AND RETURNING A PROXY CARD, AS DESCRIBED IN THE PROXY STATEMENT. YOUR PROMPT COOPERATION IS GREATLY APPRECIATED.**

**Director Nominees**

Name	Director Since	Independent	Board Committees		
			Audit	Comp	Nominating
Thomas P. Capo	2009	X	X	C	
Mei-Wei Cheng	2019	X			
Jonathan F. Foster	2009	X	C		X
Mary Lou Jepsen	2016	X		X	X
Kathleen A. Ligocki	2012	X		X	C
Conrad L. Mallett, Jr.	2002	X		X	X
Raymond E. Scott	2018				
Gregory C. Smith	2009	X	X		X
Henry D.G. Wallace	2005	X	E	E	E

C = Chair of Committee

Director Term: One Year

X = Member of Committee

Board Meetings in 2018: 6

E = Ex Officio Member

Standard Board Committee Meetings in 2018: Audit (9), Compensation (4), Nominating (4)

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**PROXY SUMMARY**

**2018 Performance and Business Highlights**

- (1) Reflects estimated net sales for 2019-2021 from formally awarded new programs, less lost and discontinued programs. Excludes sales backlog at non-consolidated joint ventures.
  
- (2) Core operating earnings, adjusted earnings per share and free cash flow are financial measures that are not calculated in accordance with accounting principles generally accepted in the United States ( GAAP ). For more information regarding our non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures, see Appendix A. Reconciliation of Non-GAAP Financial Measures.

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**PROXY SUMMARY**

- (1) Reflects estimated net sales for 2019-2021 from formally awarded new programs, less lost and discontinued programs. Excludes sales backlog at non-consolidated joint ventures.
- (2) Core operating earnings, adjusted earnings per share and free cash flow are financial measures that are not calculated in accordance with GAAP. For more information regarding our non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures, see Appendix A, Reconciliation of Non-GAAP Financial Measures.

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Table of ContentsPROXY SUMMARY**Executive Compensation Highlights****WHAT WE DO:**

**Pay Program Aligned with Business Strategy:** Our incentive plan performance measures are well aligned with our business strategy, correlative to total stockholder return and generally consistent with those used by our peer companies.

**Balanced Mix of Performance Measures:** We use four complementary performance measures in our incentive compensation programs (Adjusted Operating Income, Free Cash Flow, Adjusted Return on Invested Capital (ROIC) and Cumulative Adjusted Pre-Tax Income), which were selected to drive profitable growth with efficient capital management. (See pages 35 and 38 in the Compensation Discussion and Analysis for definitions of these performance measures.)

**Independent Compensation Consultant for Compensation Committee:** Since 2010, our Compensation Committee has engaged Pay Governance LLC as its independent compensation consultant.

**Annual Market Practices and Compensation Risk Review:** We assess on an annual basis the key elements of our executive compensation programs as compared to market practices and emerging trends. We also complete annually a comprehensive risk assessment of our employee compensation policies and practices.

**Robust Stock Ownership Guidelines:** We have adopted management stock ownership guidelines that are applicable to all executive officers, including our named executive officers. The stock ownership guideline for our CEO is six times his annual base salary.

**WHAT WE DON'T DO:**

**High Percentage of Performance-Based Pay:** All of the annual incentive opportunity and the majority (75%) of the long-term incentive opportunity that we offer our named executive officers are determined based on the achievement of specific performance measures.

**Clawback of Incentive Compensation:** Our clawback policy applies to all incentive-based cash and equity compensation granted to current and former executive officers. In the event that we are required to prepare an accounting restatement due to any such executive officer's intentional misconduct, we will recover from him or her the amount, if any, of incentive compensation in excess of what would have been paid under the accounting restatement.

**Equity Retention Requirement:** Until an executive satisfies the applicable stock ownership guideline, he or she must hold 50% of the net shares acquired upon the vesting of equity awards.

**Relative TSR Performance Modifier Starting with 2019 Performance Share Grants:** Starting with awards of performance shares granted in 2019, we have added a performance modifier that may cause payouts to be adjusted upwards or downwards based on our relative total stockholder return, as compared to an auto supplier peer group, over the performance period.

**Holding Period for Career Shares:** As part of our long-term incentive package, certain executives (including our CEO) receive awards of time-vesting Career Share RSUs. The units underlying the Career Shares must be held until the earlier of age 62 or three years after retirement.

**No Single-Trigger Change in Control Vesting of Equity** **No Hedging or Pledging of Company Stock:** We maintain a formal policy prohibiting our officers and directors from entering into hedging transactions involving Company stock and pledging Company stock as collateral for loans.

**Awards:** All equity awards are subject to double trigger vesting upon a change in control, which protects our employees in the event of a change in control transaction and helps ensure an orderly transition of leadership.

**No Single-Trigger Change in Control Severance** **No Excise Tax Gross-Ups:** None of the employment agreements with our executive officers contains an excise tax gross-up provision.

**Benefits:** Our executives are not eligible to receive severance benefits solely upon the occurrence of a change in control. This is intended to ensure that members of senior management are not influenced by their personal situations and are able to be objective in evaluating a potential change in control transaction.

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**PROXY SUMMARY**

**Corporate Social Responsibility Highlights**

***Social Responsibility***

We actively support human and animal rights.

We have a global reporting channel for any ethical concerns or violations for employees and our supply chain.

We are committed to partnering with our industry and society in driving change through implementation of the United Nations Sustainable Development Goals.

Community outreach and giving are engrained in Lear's core values.

We have developed a global distracted driving awareness initiative.

***Environmental, Health and Safety***

We work to integrate Environmental, Health and Safety ( EHS ), as well as Sustainability, into overall business strategy and supply chain management.

We reduce EHS risks by minimizing environmental impact and eliminating health and safety hazards.

We develop and utilize environmentally acceptable, safe, sustainable and efficient production methods and processes.

We implement efficient uses of energy, reduction of greenhouse gas emissions and supporting climate change initiatives.

We work to reduce our use of chemicals and raw materials, as well as to reduce waste generation.

***People***

*Together We Win* is our global employee engagement initiative focused on promoting and sustaining a positive culture in our operational environments using four key elements: Leadership, Work Environment, Employee Involvement and Teams.

Diversity and inclusion is deeply integrated into our organizational framework and hiring and promotional practices.

Developing talent is a priority across all levels of the organization and includes a CEO Academy, Leadership Model and Assessments, Emerging Leaders Development Program and One Lear Mindset training.



We communicate our policies and expectations to all our employees, customers, suppliers, other stakeholders and the public.

**Corporate Governance Highlights**

All of our director nominees are independent, except our President, Chief Executive Officer and Interim President, E-Systems. All of our Audit, Compensation and Nominating and Corporate Governance Committee (the Nominating Committee ) members are independent.

We have a non-executive Chairman of the Board of Directors.

All directors are elected annually.

We have a majority voting standard with director resignation policy for uncontested director elections.

Executive sessions of independent directors are held at regularly scheduled Board meetings.

We have robust stock ownership guidelines.

Excellent track record of attendance at all Board and committee meetings in 2018.

Diversity is reflected in Board composition.

Annual Board and committee self-evaluations.

Risk oversight by full Board and committees.

**Table of Contents****ELECTION OF DIRECTORS****(PROPOSAL NO. 1)**

Richard H. Bott, who has served on our Board of Directors (the Board) since 2013, will not be standing for re-election when his current term expires, as he has reached the Company's mandatory retirement age. The Board would like to thank Mr. Bott for his years of dedicated service to the Company. On January 23, 2019, the Board resolved to increase its size to ten members and appoint Mei-Wei Cheng to the Board. Subsequently, the Board resolved to decrease its size to nine members effective upon the expiration of the current term of the members of the Board. Our Board determined that to assist the Company in the orderly transition of Board members, including the resignation of Mr. Simoncini and the departure of Mr. Runkle in 2018, the retirement of Mr. Bott following the Annual Meeting and the additions of Mr. Scott in 2018 and Mr. Cheng in 2019, it would waive the Company's mandatory retirement age for Mr. Wallace in order for him to continue serving as Non-Executive Chairman of our Board through the Company's 2020 annual meeting.

Upon the recommendation of our Nominating Committee, the Board has nominated the nine individuals listed below to stand

for election to the Board for a one-year term ending at the annual meeting of stockholders in 2020 or until their successors, if any, are elected or appointed. Our Amended and Restated Certificate of Incorporation and Bylaws provide for the annual election of directors. Each director nominee must receive the affirmative vote of a majority of the votes cast to be elected (i.e., the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). Unless contrary instructions are given, the shares represented by your proxy will be voted FOR the election of all director nominees. In addition, our Corporate Governance Guidelines contain a resignation policy which provides that in the event an incumbent director fails to receive a majority of the votes cast in an uncontested election, such director shall promptly tender his or her resignation to the Board for consideration. The Board has determined that each director nominee, other than Mr. Scott, if elected, would be an independent director, as further described below in Directors and Corporate Governance Independence of Directors.

All of the director nominees listed below have consented to being named in this proxy statement and to serve if elected. However, if any nominee becomes unable to serve, proxy holders will have discretion and authority to vote for another nominee proposed by our Board. Alternatively, our Board may reduce the number of directors to be elected at the Annual Meeting.

<b>Name</b>	<b>Position</b>
Thomas P. Capo	Director
Mei-Wei Cheng	Director
Jonathan F. Foster	Director
Mary Lou Jepsen	Director
Kathleen A. Ligocki	Director
Conrad L. Mallett, Jr.	Director

Raymond E. Scott	Director, President, Chief Executive Officer and Interim President, E-Systems
Gregory C. Smith	Director
Henry D.G. Wallace	Director, Non-Executive Chairman

Biographical information relating to each of the director nominees is set forth below under Directors and Corporate Governance and incorporated by reference herein.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF LEAR'S DIRECTOR NOMINEES NAMED IN THIS PROXY STATEMENT.**

**PROXIES SOLICITED BY THE BOARD WILL BE VOTED FOR THE ELECTION OF EACH OF LEAR'S DIRECTOR NOMINEES NAMED IN THIS PROXY STATEMENT UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.**

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**DIRECTORS AND CORPORATE GOVERNANCE**

**Director Biographical Information and Qualifications**

Set forth below is a description of the business experience of each director nominee, as well as the specific qualifications, skills and experiences considered by the Nominating Committee and the Board in recommending our slate of director nominees. Each director nominee listed below is nominated for election to the Board for a term expiring at the annual meeting of stockholders in 2020. See Election of Directors (Proposal No. 1).

*Thomas P. Capo*      Age: 68      Lear Committees:

Audit

Compensation (Chair)

**Biography**

Mr. Capo has been a director of the Company since November 2009. Mr. Capo was Chairman of Dollar Thrifty Automotive Group, Inc. from October 2003 until November 2010. Mr. Capo was a Senior Vice President and the Treasurer of DaimlerChrysler Corporation from November 1998 to August 2000, Vice President and Treasurer of Chrysler Corporation from 1993 to 1998 and Treasurer of Chrysler Corporation from 1991 to 1993. Prior to holding these positions, Mr. Capo served as Vice President and Controller of Chrysler Financial Corporation. Mr. Capo also serves as the Non-Executive Chairman of Cooper Tire & Rubber Company. Previously, Mr. Capo served as a director of Dollar Thrifty Automotive Group, Inc. from its initial public offering in 1997 until its sale to Hertz Corporation in 2012, JLG Industries, Inc. until its sale to Oshkosh Corp. in 2006, Sonic Automotive, Inc. and Microheat, Inc. Mr. Capo has a bachelor's degree in Finance, an MBA and a master's degree in Economics from the University of Detroit Mercy.

**Skills and Qualifications**

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Executive management and leadership experience, with extensive knowledge of the automotive industry

Public company directorship and committee experience, including at board chairman level

Extensive experience in global finance, treasury, investment management and capital markets

Core leadership and management experience in mergers, acquisitions and divestitures, strategy development and capital restructuring