CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers'
Retirement System
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June 22, 2007

Mr. Robert E Rossiter
Chairman and Chief Executive Officer
Lear Corporation.
21557 Telegraph Road
Southfield, MI 48033

Dear Mr. Rossiter,

This letter is sent to you on behalf of the California State Teachers' Retirement System (CalSTRS). As of the record date, May 14, 2007, for the upcoming meeting scheduled for June 27, 2007, CalSTRS held 1.4 million shares of common stock in the Lear Corporation. Representatives of CalSTRS and Lear shared a conference call regarding the proposed merger between Lear and AREP on June 18, 2007. During that call, we expressed our concern that this offer did not reflect the underlying value of the company and that, in the absence of a competing offer; we would prefer that the merger not proceed. It is regrettable that shareholders may have to pay the $100 million termination or break-up fee if this transaction fails, but even with its consideration, we still believe that Lear has the capacity to earn its way out of the conditions surrounding this offer.

We have also talked to some of the other large shareholders of Lear Corporation and found that they share our belief that this is not an attractive offer and that the merger should be scuttled. CalSTRS is a long-term investor in Lear Corporation and does not wish to see the long-term value accrue to other interested or favored shareholders. The $36.00 per share offer from AREP only represents a 3.8% premium for the shares' closing price on February 2, 2007. The unfairness of this offer has caused us to pursue the issue of Appraisal Rights.

We understand that these large shareholders have talked with the Company several times, each time stating that Lear could command values of as much as $60.00 per share on its own and expressing their desire that the merger not proceed. From the filing of the litigation by several shareholders over the merger terms, it is clear that shareholders believe that they are being shut out of any opportunity to receive the true value for Lear.

We are also dismayed by senior management's decision to keep the substantial change-in-control payments even though the executive team will be practically unchanged as a result of this merger. Finally, we do not believe that the "shopping process" was conducted fairly or thoroughly; this “go-shop” feature was hamstrung from the beginning by the signed agreement with Icahn and the large termination penalty. The speed with which the Lear board approved this transaction hardly left any time for other suitors to either emerge or entertain merging with the Company. All of these circumstances give the impression of a less than “arms-length” transaction, concocted in short hurried time periods, to the benefit of one large shareholder, Mr. Icahn at the expense of the other 85% owned by public shareholders. Additionally, the related transactions among the board members and the Company also call into question whether the board was fulfilling its fiduciary duty to the public shareholders when it was “negotiating” this deal.

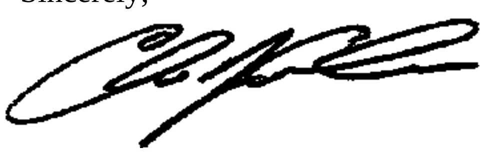
CalSTRS’ portfolio is valued at $170 billion, as of March 30, 2007; $100 billion of our portfolio is invested in the public equity markets, on both U.S, and Non-U.S. markets. For reasons of diversification, risk, costs and other reasons, that I won’t take the time to get into in this letter, a substantial portion of the CalSTRS portfolio is invested in the indexed or passive style of investment management. These securities are held for the long-term as we do not trade them on company news or events. Over the past two decades, we have experienced a great many mergers; during this same time period, we have seen that the great majority of these mergers did not live up to their promise and instead of being deals that created value for the shareholders, especially long-term shareholders like CalSTRS, these transactions were value destroyers.

The automotive and automotive supplier industries have been undergoing a secular, wholesale restructuring over the past four years. We believe that this consolidation/restructuring is in its early stages and that while a substantial shakeout may take place, shareholders will be rewarded with tremendous upside from some of the companies; and, we believe that Lear is one of those companies where long-term patient capital will be rewarded. We do not believe that the $36.00 per share offer from American Real Estate Partners is adequate or even close to the true value of Lear.

It is my hope that you will reconvene the “Special Committee” of the board and terminate this deal and go out into the market place in a sincere fashion that encourages other bidders.

Please feel free to contact me to discuss this letter.

Sincerely,



Christopher J. Ailman
Chief Investment Officer