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LEAR CORP
Form SC 13D/A
February 13, 2007

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)

(Amendment No. 1) *

Lear Corporation

(Name of Issuer)

Common Stock, \$0.01 Par Value

(Title of Class of Securities)

521865105

(CUSIP Number)

Mr. Richard S. Pzena
Pzena Investment Management, LLC
120 West 45th Street, 20th FL
New York, NY 10036

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 9, 2007

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to Report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [X].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed

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to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Pzena Investment Management, LLC (I.R.S. Number 13-3860154)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES 5,204,734

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

6,776,279

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,776,279

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

10.05%

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14 TYPE OF REPORTING PERSON*

IA

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ITEM 1. SECURITY AND ISSUER

The Schedule 13D filed filed by Pzena Investment Management, LLC ("PIM") with the Securities and Exchange Commission on March 29, 2006 (the "Initial 13D"), by the Reporting Persons with respect to the shares of common stock, \$0.01 par value (the "Shares"), issued by of Lear Corporation (the "Company"), is hereby amended to furnish the additional information set forth herein.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Item 3 of the Initial 13D is hereby amended by the addition of the following:

PIM has purchased 6,776,279 Shares on behalf of its clients. The fair market value of the Shares is \$266,917,629. Funds for these purchases were derived from PIM clients.

ITEM 4. PURPOSE OF TRANSACTION

Item 4. of the Initial 13D is hereby amended by the addition of the following:

PIM purchased the Shares of the Company on behalf of PIM clients for investment purposes. Depending on PIM's assessment of future developments, PIM may acquire additional securities on behalf of PIM clients or may determine to sell or otherwise dispose of all or some of its Share holdings in accordance with its investment strategies.

On February 5, 2007, American Real Estate Partners, L.P. ("AREP"), an entity controlled by Mr. Carl Icahn, announced an acquisition proposal to Lear Corporation, which calls for a merger of the Company with a newly formed subsidiary of AREP, pursuant to which shareholders of the Company would receive \$36 per share in cash.

On February 5, 2007, PIM forwarded a letter to the Independent Directors of the Company stating its objections to the announced transaction with AREP. A copy of that letter is filed herewith as Exhibit 1 and incorporated by reference herein.

On February 9, 2007, according to announcements by the Company and AREP, newly-formed subsidiaries of AREP entered into an Agreement and Plan of Merger with Lear Corporation ("Agreement") calling for a merger of the Company and one of such subsidiaries pursuant to which the Company will become a subsidiary of AREP and stockholders of the Company will receive \$36 per share in cash.

PIM has contacted and intends to further contact other shareholders of the Company to express its opposition to the proposed transaction. PIM may also engage in discussions with the Independent Directors of the Company. Except as set forth above, PIM does not currently intend to engage in any of the transactions set forth in clause (a) through (j) of Item 4 of Schedule 13(d).

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

Item 5. of the Initial 13D is hereby amended by the addition of the following:

| Reporting Person ----- | Number of Shares ----- | Percentage of Shares ----- |
|--------------------------------------|------------------------------|----------------------------------|
| (a) Pzena Investment Management, LLC | 6,776,279 | 10.05% |

(b) PIM currently exercises voting authority over shares of common stock in the accounts of PIM clients that have delegated proxy voting authority to PIM. Such voting authority may be withdrawn by PIM clients at any time.

SOLE POWER TO VOTE OR DIRECT THE VOTE:

Pzena Investment Management, LLC 5,204,734

Shared Power to vote or direct the vote:

Pzena Investment Management, LLC 0

SOLE POWER TO DISPOSE OR TO DIRECT THE DISPOSITION:

Pzena Investment Management, LLC 6,776,279

SHARED POWER TO DISPOSE OR TO DIRECT THE DISPOSITION:

Pzena Investment Management, LLC 0

(c) The following table sets forth the Reporting Person transactions in the Shares during the last 60 days:

Pzena Investment Management, LLC

All transactions listed in the schedule below were done at PIM's discretion for PIM's clients.

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| Date ----- | Number of Shares ----- | Average Price Per Share ----- | Transaction Effectuated ----- |
|---------------|------------------------------|-------------------------------------|-------------------------------------|
| 11/1/2006 | 750 | 30.052 | Open Market Sale |
| 11/13/2006 | 112175 | 33.0843 | Open Market Sale |
| 11/13/2006 | 8700 | 33.1563 | Open Market Sale |
| 11/13/2006 | 2750 | 33.1 | Open Market Sale |
| 11/14/2006 | 2500 | 33.134 | Open Market Sale |
| 11/14/2006 | 7925 | 33.314 | Open Market Sale |
| 11/14/2006 | 4225 | 32.9771 | Open Market Sale |
| 11/14/2006 | 4150 | 33.3225 | Open Market Sale |
| 11/14/2006 | 61150 | 33.0418 | Open Market Sale |
| 11/14/2006 | 76425 | 33.1339 | Open Market Sale |

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| | | | | |
|------------|--------|---------|-------------|----------|
| 11/14/2006 | 4000 | 33.03 | Open Market | Sale |
| 11/14/2006 | 63500 | 33.2538 | Open Market | Sale |
| 11/15/2006 | 89025 | 34.0581 | Open Market | Sale |
| 11/15/2006 | 11500 | 33.289 | Open Market | Sale |
| 11/15/2006 | 14500 | 33.973 | Open Market | Sale |
| 11/15/2006 | 24925 | 34.0032 | Open Market | Sale |
| 11/15/2006 | 28250 | 33.7646 | Open Market | Sale |
| 11/15/2006 | 77925 | 34.072 | Open Market | Sale |
| 11/15/2006 | 51350 | 34 | Open Market | Sale |
| 11/16/2006 | 75892 | 33.5209 | Open Market | Sale |
| 11/16/2006 | 58650 | 33.6806 | Open Market | Sale |
| 11/16/2006 | 3475 | 33.5494 | Open Market | Sale |
| 11/17/2006 | 5200 | 33.3027 | Open Market | Sale |
| 11/17/2006 | 2650 | 33.1508 | Open Market | Sale |
| 11/17/2006 | 2475 | 33.1475 | Open Market | Sale |
| 11/17/2006 | 14958 | 33.4781 | Open Market | Sale |
| 11/20/2006 | 112350 | 33.8287 | Open Market | Sale |
| 11/20/2006 | 94950 | 33.53 | Open Market | Sale |
| 11/21/2006 | 4800 | 32.7008 | Open Market | Sale |
| 11/21/2006 | 13250 | 33.0531 | Open Market | Sale |
| 11/22/2006 | 2525 | 31.9481 | Open Market | Sale |
| 12/5/2006 | 2900 | 30.1472 | Open Market | Purchase |
| 12/6/2006 | 200 | 30.05 | Open Market | Sale |
| 12/7/2006 | 8675 | 30.4598 | Open Market | Purchase |
| 12/15/2006 | 9175 | 30.47 | Open Market | Sale |
| 12/20/2006 | 575 | 29.26 | Open Market | Purchase |
| 12/22/2006 | 4850 | 29.0403 | Open Market | Sale |
| 1/8/2007 | 19950 | 28.0573 | Open Market | Purchase |
| 1/9/2007 | 4050 | 27.6926 | Open Market | Sale |
| 1/9/2007 | 4050 | 27.6967 | Open Market | Purchase |
| 1/10/2007 | 1225 | 27.8 | Open Market | Sale |
| 1/16/2007 | 17600 | 32.6506 | Open Market | Sale |
| 1/16/2007 | 20000 | 32.6718 | Open Market | Sale |

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| | | | | |
|-----------|--------|---------|-------------|------|
| 1/16/2007 | 59850 | 32.614 | Open Market | Sale |
| 1/16/2007 | 35000 | 32.8151 | Open Market | Sale |
| 1/16/2007 | 8675 | 32.7021 | Open Market | Sale |
| 1/16/2007 | 8600 | 32.441 | Open Market | Sale |
| 1/16/2007 | 8850 | 32.5845 | Open Market | Sale |
| 1/16/2007 | 3900 | 32.019 | Open Market | Sale |
| 1/16/2007 | 26975 | 32.8029 | Open Market | Sale |
| 1/16/2007 | 800 | 32.7401 | Open Market | Sale |
| 1/16/2007 | 850 | 32.8088 | Open Market | Sale |
| 1/16/2007 | 450 | 32.7067 | Open Market | Sale |
| 1/16/2007 | 28200 | 32.65 | Open Market | Sale |
| 1/17/2007 | 825 | 33.5 | Open Market | Sale |
| 1/17/2007 | 625 | 33.28 | Open Market | Sale |
| 1/22/2007 | 7200 | 33.3058 | Open Market | Sale |
| 1/23/2007 | 4825 | 33.5536 | Open Market | Sale |
| 1/23/2007 | 8000 | 33.5525 | Open Market | Sale |
| 1/25/2007 | 6100 | 35 | Open Market | Sale |
| 1/30/2007 | 1500 | 34.25 | Open Market | Sale |
| 1/31/2007 | 29075 | 34.0233 | Open Market | Sale |
| 1/31/2007 | 15200 | 34.1411 | Open Market | Sale |
| 1/31/2007 | 83175 | 33.9876 | Open Market | Sale |
| 2/1/2007 | 18600 | 34.1219 | Open Market | Sale |
| 2/1/2007 | 105725 | 34.1315 | Open Market | Sale |
| 2/1/2007 | 19375 | 34.1343 | Open Market | Sale |

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| | | | |
|----------|-------|---------|----------------------|
| 2/1/2007 | 10200 | 34.1493 | Open Market Sale |
| 2/1/2007 | 8525 | 34.1174 | Open Market Sale |
| 2/1/2007 | 3100 | 34.1906 | Open Market Sale |
| 2/1/2007 | 1400 | 34.1 | Open Market Sale |
| 2/2/2007 | 2150 | 34.35 | Open Market Sale |
| 2/2/2007 | 18325 | 34.4008 | Open Market Sale |
| 2/2/2007 | 20075 | 34.2977 | Open Market Sale |
| 2/2/2007 | 625 | 34.11 | Open Market Purchase |
| 2/2/2007 | 45525 | 34.5515 | Open Market Sale |
| 2/2/2007 | 400 | 34.62 | Open Market Sale |
| 2/2/2007 | 1875 | 34.5063 | Open Market Sale |
| 2/2/2007 | 2150 | 34.3549 | Open Market Sale |
| 2/2/2007 | 18200 | 34.6314 | Open Market Sale |
| 2/2/2007 | 725 | 34.37 | Open Market Sale |
| 2/2/2007 | 1075 | 34.5891 | Open Market Sale |

(d) PIM, an investment advisor registered under the Investment Advisers Act of 1940, pursuant to investment advisory contracts with its clients has dispositive power over the Shares in the PIM investment advisory accounts of clients. The individual clients, none of whom individually owns beneficially more than 5% of the total class of such securities, have the right to receive or the power to direct the receipt of dividends from, and the proceeds from the sale of the Shares.

(e) Not Applicable

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

The following document is being filed as an exhibit to this statement and is incorporated herein by reference:

1. Letter dated February 5, 2007, from Richard S. Pzena and John P. Goetz of Pzena Investment Management, LLC to the Independent Directors of Lear Corporation.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 13, 2007

(Date)

/s/ Richard S. Pzena

(Signature)

Richard S. Pzena, CEO

(Name/Title)

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Attention. Intentional misstatements or omissions of fact constitute federal Criminal violations (see 18 U.S.C. 1001).

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EXHIBIT 1

February 5, 2007

To the Independent Directors of Lear Corporation:

We are writing to express our alarm about the possible sale of Lear Corporation to Carl Icahn's American Real Estate Partners LP at a price which we believe to be far below the fair value of the company. As you know, we are one of Lear's largest shareholders and we have long believed in Lear's business and its plan for recovery. Our view is that the company's earnings are well below their normal level and that Lear is being valued by the market as if there is little chance of an earnings recovery. Our analysis suggests that earnings are likely to recover to more than \$4.00 per share over the next few years from consensus analyst estimates of \$2.00 per share for 2007. Consequently, we believe the company's value to be closer to \$60 per share.

As you may or may not know, we had a lengthy discussion with Mr. Icahn's team in November when they bought their stake in the company at a very attractive price. We shared our belief in the greater than \$4.00 earnings power and \$60 valuation and they appeared to agree with our assessment at that time. To claim today that \$36 is a fair price is quite disingenuous.

It is our fear that the company's management may have lost sight of the long-term value inherent in the company and that their personal interest in the transaction may create an inherent conflict. We are well aware of Wall Street's short-term mentality and the pressure it can bring on companies. It is our hope that Lear does not succumb to that pressure and sell the business for less than it is worth over the long term.

We would like to remind the board of its fiduciary obligation to shareholders and urge you to seek other offers for the firm. We think it is incumbent on the board to exclude the management from this process since preserving their jobs and/or enriching themselves can come at the expense of shareholders. The trend towards private equity firms teaming up with management to "steal" companies from their owners is alarming and we urge you to take a stand to ensure this does not happen at Lear.

We are happy to meet with you to share our view of valuation should you deem it interesting or desirable. To the extent that this particular transaction is put to a shareholder vote, we intend to vote against it.

Sincerely,

/s/ Richard S. Pzena

Richard S. Pzena

/s/ John P. Goetz

John P. Goetz

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Co-Chief Investment Officer

Co-Chief Investment Officer