LEAR CORP
Form 10-Q
April 29, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 2, 2011.

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission file number: 001-11311

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-3386776**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
21557 Telegraph Road, Southfield, MI	**48033**
(Address of principal executive offices)	(Zip code)

(248) 447-1500

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 of 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes þ No o

As of April 22, 2011, the number of shares outstanding of the registrant s common stock was 105,139,704 shares.

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PART I FINANCIAL INFORMATION
ITEM 1 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

We have prepared the condensed consolidated financial statements of Lear Corporation and subsidiaries, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to make the information presented not misleading when read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, for the year ended December 31, 2010.

The financial information presented reflects all adjustments (consisting of normal recurring adjustments) which are, in our opinion, necessary for a fair presentation of the results of operations, cash flows and financial position for the interim periods presented. These results are not necessarily indicative of a full year s results of operations.

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LEAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	April 2, 2011 (Unaudited)	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,707.1	$ 1,654.1
Accounts receivable	2,258.4	1,758.4
Inventories	627.0	554.2
Other	458.1	418.8
Total current assets	5,050.6	4,385.5
LONG-TERM ASSETS:		
Property, plant and equipment, net	1,044.8	994.7
Goodwill	642.0	614.6
Other	625.6	626.3
Total long-term assets	2,312.4	2,235.6
	$ 7,363.0	$ 6,621.1
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 3.6	$ 4.1
Accounts payable and drafts	2,246.7	1,838.4
Accrued liabilities	1,107.2	976.0
Total current liabilities	3,357.5	2,818.5
LONG-TERM LIABILITIES:		
Long-term debt	695.0	694.9
Other	546.8	538.9
Total long-term liabilities	1,241.8	1,233.8
EQUITY:		
Series A convertible preferred stock, 100,000,000 shares authorized; 10,896,250 shares issued as of April 2, 2011 and December 31, 2010; and no shares outstanding as of April 2, 2011 and December 31, 2010		
Common stock, $0.01 par value, 300,000,000 shares authorized; 105,606,842 and 105,498,880 shares issued as of April 2, 2011 and December 31, 2010, respectively (1)	1.1	1.1
Additional paid-in capital, including warrants to purchase common stock	2,125.1	2,116.0

Common stock held in treasury, 869,980 and 322,130 shares as of April 2, 2011 and December 31, 2010, respectively, at cost [1]	(41.8)	(13.4)
Retained earnings	577.1	434.5
Accumulated other comprehensive loss	(6.2)	(78.0)
Lear Corporation stockholders equity	2,655.3	2,460.2
Noncontrolling interests	108.4	108.6
Equity	2,763.7	2,568.8
	$ 7,363.0	$ 6,621.1

(1) Share data as of December 31, 2010, has been retroactively adjusted to reflect the two-for-one stock split described in Note 13, Comprehensive Income (Loss) and Equity, to these condensed consolidated financial statements.

The accompanying notes are an integral part of these condensed consolidated balance sheets.

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LEAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; in millions, except per share data)

	Three Months Ended	
	April 2, 2011	April 3, 2010
Net sales	$ 3,511.7	$ 2,938.5
Cost of sales	3,188.3	2,683.7
Selling, general and administrative expenses	117.5	127.9
Amortization of intangible assets	6.8	6.7
Interest expense	3.3	19.0
Other (income) expense, net	(6.9)	21.0
Consolidated income before provision for income taxes	202.7	80.2
Provision for income taxes	40.0	6.4
Consolidated net income	162.7	73.8
Less: Net income attributable to noncontrolling interests	6.7	7.7
Net income attributable to Lear	$ 156.0	$ 66.1
Basic net income per share attributable to Lear (1)	$ 1.48	$ 0.68
Diluted net income per share attributable to Lear (1)	$ 1.44	$ 0.61

(1) 2010 per share data has been retroactively adjusted to reflect the two-for-one stock split described in Note 13, Comprehensive Income (Loss) and Equity, to these condensed consolidated financial statements.

The accompanying notes are an integral part of these condensed consolidated statements.

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LEAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Three Months Ended April 2, 2011	Three Months Ended April 3, 2010
Cash Flows from Operating Activities:		
Consolidated net income	$ 162.7	$ 73.8
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	61.5	58.5
Net change in recoverable customer engineering, development and tooling	15.3	2.0
Net change in working capital items	(89.2)	(99.5)
Other, net	3.9	4.1
Net cash provided by operating activities	154.2	38.9
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(70.5)	(34.8)
Other, net	(6.6)	4.1
Net cash used in investing activities	(77.1)	(30.7)
Cash Flows from Financing Activities:		
Proceeds from the issuance of senior notes		694.5
First lien credit agreement repayments		(375.0)
Second lien credit agreement repayments		(550.0)
Other long-term debt repayments, net	(1.1)	(1.7)
Short-term debt borrowings (repayments), net	(0.5)	5.6
Payment of debt issuance costs		(16.3)
Repurchase of common stock	(27.4)	
Dividends paid to Lear Corporation stockholders	(12.8)	
Dividends paid to noncontrolling interests	(10.0)	
Other	(1.4)	0.4
Net cash used in financing activities	(53.2)	(242.5)
Effect of foreign currency translation	29.1	(19.3)
Net Change in Cash and Cash Equivalents	53.0	(253.6)
Cash and Cash Equivalents as of Beginning of Period	1,654.1	1,554.0
Cash and Cash Equivalents as of End of Period	$ 1,707.1	$ 1,300.4

Changes in Working Capital Items:

Accounts receivable	$ (448.4)	$ (418.3)
Inventories	(57.8)	(60.0)
Accounts payable	343.0	291.9
Accrued liabilities and other	74.0	86.9
Net change in working capital items	$ (89.2)	$ (99.5)
Supplementary Disclosure:		
Cash paid for interest	$ 28.2	$ 29.1
Cash paid for income taxes	$ 10.2	$ 5.2

The accompanying notes are an integral part of these condensed consolidated statements.

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LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

Lear Corporation (Lear, and together with its consolidated subsidiaries, the Company) and its affiliates design and manufacture complete automotive seat systems and related components, as well as electrical distribution systems and related components. The Company s main customers are automotive original equipment manufacturers. The Company operates facilities worldwide.

On November 9, 2009, Lear and certain of its U.S. and Canadian subsidiaries emerged from bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code (Chapter 11). In accordance with the provisions of FASB Accounting Standards Codification™ (ASC) 852, Reorganizations, Lear adopted fresh-start accounting upon its emergence from Chapter 11 bankruptcy proceedings and became a new entity for financial reporting purposes as of November 7, 2009. For further information, see Note 1, Basis of Presentation, and Note 2, Reorganization under Chapter 11, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

The accompanying condensed consolidated financial statements include the accounts of Lear, a Delaware corporation, and the wholly owned and less than wholly owned subsidiaries controlled by Lear. In addition, Lear consolidates variable interest entities in which it has a controlling financial interest. Investments in affiliates in which Lear does not have control, but does have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method.

The Company s annual financial results are reported on a calendar year basis and quarterly interim results are reported using a thirteen week reporting calendar.

Certain amounts in the prior period s financial statements have been reclassified to conform to the presentation used in the quarter ended April 2, 2011.

(2) Restructuring Activities

In 2005, the Company initiated a multi-year operational restructuring strategy to (i) eliminate excess capacity and lower the operating costs of the Company, (ii) streamline the Company s organizational structure and reposition its business for improved long-term profitability and (iii) better align the Company s manufacturing footprint with the changing needs of its customers. In light of industry conditions and customer announcements, the Company expanded this strategy, and through the end of 2010, the Company incurred pretax restructuring costs of $736.1 million. The Company expects elevated restructuring actions and related investments to continue in 2011 and to moderate thereafter.

Restructuring costs include employee termination benefits, fixed asset impairment charges and contract termination costs, as well as other incremental costs resulting from the restructuring actions. These incremental costs principally include equipment and personnel relocation costs. Although each restructuring action is unique, based upon the nature of the Company s operations, the Company expects that the allocation of future restructuring costs will be consistent with historical experience. The Company also incurs incremental manufacturing inefficiency costs at the operating locations impacted by the restructuring actions during the related restructuring implementation period. Restructuring costs are recognized in the Company s consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Generally, charges are recorded as restructuring actions are approved and/or implemented.

In the first quarter of 2011, the Company recorded charges of $1.6 million in connection with its restructuring actions. These charges consist of $1.5 million recorded as cost of sales and $0.1 million recorded as selling, general and administrative expenses. The 2011 charges consist of employee termination benefits of $0.4 million and other related costs of $1.2 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements and completed negotiations.

LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

A summary of 2011 activity is shown below (in millions):

	Accrual as of January 1, 2011	2011 Charges	Utilization Cash	Utilization Non-cash	Accrual as of April 2, 2011
Employee termination benefits	$ 38.4	$ 0.4	$ (4.7)	$	$ 34.1
Contract termination costs	3.7				3.7
Other related costs		1.2	(1.2)		
Total	$ 42.1	$ 1.6	$ (5.9)	$	$ 37.8

(3) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. A summary of inventories is shown below (in millions):

	April 2, 2011	December 31, 2010
Raw materials	$ 509.8	$ 448.6
Work-in-process	33.3	32.9
Finished goods	83.9	72.7
Inventories	$ 627.0	$ 554.2

(4) Pre-Production Costs Related to Long-Term Supply Agreements

The Company incurs pre-production engineering and development (E&D) and tooling costs related to the products produced for its customers under long-term supply agreements. The Company expenses all pre-production E&D costs for which reimbursement is not contractually guaranteed by the customer. In addition, the Company expenses all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the Company does not have a non-cancelable right to use the tooling. During the first quarters of 2011 and 2010, the Company capitalized $43.0 million and $31.3 million, respectively, of pre-production E&D costs for which reimbursement is contractually guaranteed by the customer. In addition, during the first quarters of 2011 and 2010, the Company capitalized $38.7 million and $33.1 million, respectively, of pre-production tooling costs related to customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the Company has a non-cancelable right to use the tooling. These amounts are included in other current and long-term assets in the accompanying condensed consolidated balance sheets. During the first quarters of 2011 and 2010, the Company collected $96.7 million and $69.3 million, respectively, of cash related to E&D and tooling costs.

The classification of recoverable customer engineering, development and tooling costs related to long-term supply agreements is shown below (in millions):

	April 2, 2011	December 31, 2010

Current	$ 66.0	$ 77.9
Long-term	76.2	75.3
Recoverable customer engineering, development and tooling	$ 142.2	$ 153.2

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LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(5) Long Term Assets

Property, Plant and Equipment

Property, plant and equipment is stated at cost; however, as a result of fresh-start accounting, property, plant and equipment was re-measured at fair value as of November 7, 2009. For further information, see Note 3, Fresh-Start Accounting, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010. Depreciable property is depreciated over the estimated useful lives of the assets, using principally the straight-line method. A summary of property, plant and equipment is shown below (in millions):

	April 2, 2011	December 31, 2010
Land	$ 112.9	$ 106.0
Buildings and improvements	383.2	360.6
Machinery and equipment	842.0	761.8
Construction in progress	8.4	5.7
Total property, plant and equipment	1,346.5	1,234.1
Less accumulated depreciation	(301.7)	(239.4)
Net property, plant and equipment	$ 1,044.8	$ 994.7

Depreciation expense was $54.6 million and $51.8 million in the three months ended April 2, 2011 and April 3, 2010, respectively.

Costs associated with the repair and maintenance of the Company s property, plant and equipment are expensed as incurred. Costs associated with improvements which extend the life, increase the capacity or improve the efficiency or safety of the Company s property, plant and equipment are capitalized and depreciated over the remaining life of the related asset.

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with GAAP. If impairment indicators exist, the Company performs the required impairment analysis by comparing the undiscounted cash flows expected to be generated by the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. The Company does not believe that there were any indicators that would have resulted in long-lived asset impairment charges as of April 2, 2011. The Company will, however, continue to assess the impact of any significant industry events and long-term automotive production estimates on the realization of its long-lived assets.

(6) Goodwill

A summary of the changes in the carrying amount of goodwill, all of which relates to the seating segment, for the three months ended April 2, 2011, is shown below (in millions):

Balance as of January 1, 2011	$ 614.6
Acquisition	12.6
Foreign currency translation and other	14.8
Balance as of April 2, 2011	$ 642.0

Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred.

In conducting its impairment testing, the Company compares the fair value of each of its reporting units to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing as of the first day of the fourth quarter.

The Company does not believe that there were any indicators that would have resulted in goodwill impairment charges as of April 2, 2011. The Company will, however, continue to assess the impact of any significant industry events and long-term automotive production estimates on its recorded goodwill.

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LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(7) Long-Term Debt

A summary of long-term debt and the related weighted average interest rates is shown below (in millions):

	April 2, 2011		December 31, 2010	
	Long-Term Debt	Weighted Average Interest Rate	Long-Term Debt	Weighted Average Interest Rate
7.875% Senior Notes due 2018	$ 347.7	8.00%	$ 347.7	8.00%
8.125% Senior Notes due 2020	347.3	8.25%	347.2	8.25%
Long-term debt	$ 695.0		$ 694.9	

Senior Notes

The Company s long-term debt consists of $350 million in aggregate principal amount at maturity of senior unsecured notes due 2018 with a stated coupon rate of 7.875% (the 2018 Notes) and $350 million in aggregate principal amount at maturity of senior unsecured notes due 2020 with a stated coupon rate of 8.125% (the 2020 Notes and together with the 2018 Notes, the Notes). The 2018 Notes were priced at 99.276% of par, resulting in a yield to maturity of 8.00%, and the 2020 Notes were priced at 99.164% of par, resulting in a yield to maturity of 8.25%. The Notes were issued on March 26, 2010, and the net proceeds, together with existing cash on hand, were used to repay in full an aggregate amount of $925.0 million of term loans provided under the Company s first and second lien credit agreements. Interest is payable on the Notes on March 15 and September 15 of each year, beginning September 15, 2010. The 2018 Notes mature on March 15, 2018, and the 2020 Notes mature on March 15, 2020.

The Notes are senior unsecured obligations. Obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis, by certain of Lear s domestic subsidiaries, which are directly or indirectly 100% owned by Lear (see Note 18, Supplemental Guarantor Condensed Consolidating Financial Statements).

The indenture governing the Notes contains restrictive covenants that, among other things, limit the ability of the Company and its subsidiaries to: (i) incur additional debt, (ii) pay dividends and make other restricted payments, (iii) create or permit certain liens, (iv) issue or sell capital stock of the Company s restricted subsidiaries, (v) use the proceeds from sales of assets and subsidiary stock, (vi) create or permit restrictions on the ability of the Company s restricted subsidiaries to pay dividends or make other distributions to the Company, (vii) enter into transactions with affiliates, (viii) enter into sale and leaseback transactions and (ix) consolidate or merge or sell all or substantially all of the Company s assets. The foregoing limitations are subject to exceptions as set forth in the Notes. In addition, if in the future the Notes have an investment grade credit rating from both Moody s Investors Service and Standard & Poor s Ratings Services and no default has occurred and is continuing, certain of these covenants will, thereafter, no longer apply to the Notes for so long as the Notes have an investment grade credit rating by both rating agencies.

The indenture governing the Notes contains customary events of default that include, among other things (subject in certain cases to customary grace and cure periods): (i) non-payment of principal or interest, (ii) breach of certain covenants contained in the indenture governing the Notes, (iii) failure to pay certain other indebtedness or the acceleration of certain other indebtedness prior to maturity if the total amount of such indebtedness unpaid or accelerated exceeds $100 million or its foreign currency equivalent, (iv) the rendering of a final and nonappealable judgment for the payment of money in excess of $100 million or its foreign currency equivalent that is not timely paid or its enforcement stayed, (v) the failure of the guarantees by the subsidiary guarantors to be in full force and effect in all material respects and (vi) certain events of bankruptcy or insolvency. Generally, if an event of default occurs (subject to certain exceptions), the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes of any series may declare all of the Notes of such series to be due and payable immediately.

As of April 2, 2011, the Company was in compliance with all covenants under the indenture governing the Notes.

Revolving Credit Facility

The Company s amended and restated first lien credit agreement provides for a $110 million revolving credit facility (the Revolving Credit Facility). The Revolving Credit Facility permits borrowings for general corporate and working capital purposes and the issuance of letters of credit. The commitments under the Revolving Credit Facility expire on March 18, 2013. As of April 2, 2011, there were no borrowings outstanding under the Revolving Credit Facility.

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LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Obligations under the Revolving Credit Facility are secured on a first priority basis by a lien on substantially all of the U.S. assets of Lear and its domestic subsidiaries, as well as 100% of the stock of Lear s domestic subsidiaries and 65% of the stock of certain of Lear s foreign subsidiaries. In addition, obligations under the Revolving Credit Facility are guaranteed, jointly and severally, on a first priority basis, by certain of Lear s domestic subsidiaries, which are directly or indirectly 100% owned by Lear (see Note 18, Supplemental Guarantor Condensed Consolidating Financial Statements).

Advances under the Revolving Credit Facility bear interest at a variable rate per annum equal to (i) LIBOR, as adjusted for certain statutory reserves, plus an adjustable margin based on the Company s corporate rating, 3.25% as of the date of this Report, payable on the last day of each applicable interest period but in no event less frequently than quarterly, or (ii) the Adjusted Base Rate (as defined in the first lien credit agreement) plus an adjustable margin based on the Company s corporate rating, 2.25% as of the date of this Report, payable quarterly.

The Revolving Credit Facility contains various customary representations, warranties and covenants by the Company, including, without limitation, (i) covenants regarding maximum leverage and minimum interest coverage, (ii) limitations on the amount of capital expenditures, (iii) limitations on fundamental changes involving the Company or its subsidiaries and (iv) limitations on indebtedness and liens. As of April 2, 2011, the Company was in compliance with all covenants under the agreement governing the Revolving Credit Facility.

As discussed above, in 2010, the Company used the net proceeds from the issuance of the Notes, together with existing cash on hand, to repay in full all amounts outstanding under the term loans provided under the Company s first and second lien credit agreements. In connection with the issuance of the Notes, the repayment of the term loans and the related amendments to the first lien credit agreement, the Company recognized a loss on the extinguishment of debt of $11.8 million, resulting from the write-off of unamortized debt issuance costs, and paid debt issuance costs of $16.3 million in the first quarter of 2010. The debt issuance costs are being amortized over the life of the related debt. The loss on the extinguishment of debt is recorded in other (income) expense, net. See Note 10, Other (Income) Expense, Net.

For further information on the Notes and the Revolving Credit Facility, see Note 8, Long-Term Debt, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

(8) Pension and Other Postretirement Benefit Plans

Net Periodic Pension and Other Postretirement Benefit Cost

The components of the Company s net periodic pension benefit cost are shown below (in millions):

	Three Months Ended			
	April 2, 2011		April 3, 2010	
	U.S.	Foreign	U.S.	Foreign
Service cost	$ 0.7	$ 1.8	$ 0.8	$ 1.3
Interest cost	5.8	6.6	5.8	6.6
Expected return on plan assets	(6.6)	(8.1)	(5.9)	(7.8)
Amortization of actuarial loss		0.1		
Settlement gain	(0.1)		(0.1)	
Net periodic benefit cost	$ (0.2)	$ 0.4	$ 0.6	$ 0.1

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LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The components of the Company s net periodic other postretirement benefit cost are shown below (in millions):

	Three Months Ended			
	April 2, 2011		April 3, 2010	
	U.S.	Foreign	U.S.	Foreign
Service cost	$ 0.1	$ 0.3	$ 0.1	$ 0.2
Interest cost	1.3	1.0	1.4	0.8
Amortization of actuarial loss	0.1			
Net periodic benefit cost	$ 1.5	$ 1.3	$ 1.5	$ 1.0

Contributions

Employer contributions to the Company s domestic and foreign pension plans for the three months ended April 2, 2011, were $0.1 million, in aggregate. Based on minimum funding requirements, the Company expects total required contributions of $10 to $15 million to its domestic and foreign pension plans, in aggregate, in 2011. The Company may elect to make contributions in excess of minimum funding requirements in response to investment performance or changes in interest rates or when the Company believes that it is financially advantageous to do so and based on its other cash requirements.

Employer contributions to the Company s defined contribution retirement program for its salaried employees, determined as a percentage of each covered employee s eligible compensation for the three months ended April 2, 2011, were $2.0 million. The Company expects total contributions of approximately $13 million to