NOTE 12 – RETIREMENT BENEFIT PLANS

The Company and its subsidiaries sponsor a number of defined benefit pension plans, which cover eligible employees, including certain employees in foreign countries. These plans are generally noncontributory. Pension benefits earned are generally based on years of service and compensation during active employment. The cash contributions for the Company's defined benefit pension plans were $291.1 million and $230.0 million in 2011 and 2010, respectively.

The following tables summarize the net periodic benefit cost information and the related assumptions used to measure the net period benefit cost for the years ended December 31:

	Defined Benefit Pension Plans		
	2011	2010	2009
Components of net periodic benefit cost			
Service cost	**$ 32.2**	$ 32.7	$ 39.7
Interest cost	**158.6**	157.9	158.9
Expected return on plan assets	**(214.9)**	(199.5)	(192.9)
Amortization of prior service cost	**9.4**	9.5	11.3
Amortization of net actuarial loss	**56.0**	51.9	35.8
Pension curtailments and settlements	**–**	0.4	3.0
Amortization of transition asset	**–**	–	(0.1)
Net periodic benefit cost	**$ 41.3**	$ 52.9	$ 55.7

Assumptions			
U.S. Plans:			
Discount rate	**5.75%**	6.00%	6.30%
Future compensation assumption	**2% to 3%**	2% to 3%	1.5% to 3%
Expected long-term return on plan assets	**8.50%**	8.75%	8.75%
International Plans:			
Discount rate	**4.75% to 9.0%**	5.25% to 8.5%	5.75% to 9%
Future compensation assumption	**2.5% to 8.84%**	2.66% to 6.12%	2.75% to 6.31%
Expected long-term return on plan assets	**3.5% to 9.0%**	4.25% to 9.5%	4.5% to 9.2%

The discount rate assumption is based on current rates of high-quality long-term corporate bonds over the same period that benefit payments will be required to be made. The expected rate of return on plan assets assumption is based on the weighted-average expected return on the various asset classes in the plans' portfolio. The asset class return is developed using historical asset return performance as well as current market conditions such as inflation, interest rates and equity market performance.

Effective December 31, 2009, the Company sold its NRB operations. As part of the sale, JTEKT assumed responsibility for the pension obligations with respect to current employees, as well as certain retired employees of the NRB operations. The net periodic benefit cost related to these obligations included $2.6 million in 2009 related to the NRB operations and has been classified as discontinued operations. In addition, the Company recognized a total settlement of $17.6 million in 2009 as a result of JTEKT assuming responsibility for certain pension obligations.

For expense purposes in 2011, the Company applied a discount rate of 5.75% to its U.S. defined benefit pension plans. For expense purposes in 2012, the Company will apply a discount rate of 5.00% to its U.S. defined benefit pension plans. A 0.25 percentage point reduction in the discount rate would increase pension expense by approximately $5.0 million for 2012.

For expense purposes in 2011, the Company applied an expected rate of return of 8.50% for the Company's U.S. pension plan assets. For expense purposes in 2012, the Company will apply an expected rate of return on plan assets of 8.25%. A 0.25 percentage point reduction in the expected rate of return would increase pension expense by approximately $6.0 million for 2012.