

The rules related to accounting for postretirement benefit plans under GAAP require us to recognize on a plan-by-plan basis the funded status of our postretirement benefit plans, with a corresponding noncash adjustment to accumulated other comprehensive income (loss), net of tax, in stockholders' equity. The funded status is measured as the difference between the fair value of the plan's assets and the benefit obligation of the plan.

The net periodic benefit cost recognized each year included the following components:

<i>(In millions)</i>	<i>Qualified Defined Benefit Pension Plans ^(a)</i>			<i>Retiree Medical and Life Insurance Plans</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Service cost	\$ 974	\$ 903	\$ 870	\$ 32	\$ 36	\$ 34
Interest cost	1,918	1,876	1,812	162	166	165
Expected return on plan assets	(2,033)	(2,027)	(2,028)	(140)	(129)	(106)
Recognized net actuarial losses	880	595	302	34	25	42
Amortization of prior service cost	82	83	80	(16)	(16)	(23)
Curtailment	—	12	—	—	—	—
Total net periodic benefit cost	\$ 1,821	\$ 1,442	\$ 1,036	\$ 72	\$ 82	\$ 112

- ^(a) Total net periodic benefit cost associated with our qualified defined benefit plans represents pension expense calculated in accordance with GAAP (FAS expense). We are required to calculate pension expense in accordance with both GAAP and CAS rules, each of which results in a different calculated amount of pension expense. The CAS expense is recovered through the pricing of our products and services on U.S. Government contracts and, therefore, is recognized in net sales and cost of sales for products and services. We include the difference between FAS expense and CAS expense, referred to as the non-cash FAS/CAS pension adjustment (\$922 million in 2011, \$454 million in 2010, and \$456 million in 2009), as a component of other unallocated corporate costs on our Statements of Earnings. The non-cash FAS/CAS pension adjustment effectively adjusts the amount of pension expense in the results of operations so that pension expense recorded on our Statements of Earnings is equal to FAS expense.