The company has commitments to expend approximately $57.7 million to complete construction in progress at various locations as of October 30, 2004.

As a condition to the sale of Vista International Packaging, Inc., the company has contracted to continue purchasing specified amounts of packaging materials over the next seven years. The contracted amounts approximate historical purchases of those items and result in a maximum obligation of $30.8 million if those purchasing levels are not attained.

The company is involved, on an ongoing basis, in litigation arising in the ordinary course of business. In the opinion of management, the outcome of litigation currently pending will not materially affect the company's results of operations, financial condition, or liquidity.

> note I

Stock Options

The company has stock option plans for employees and non-employee directors. The company's policy is to grant options with the exercise price equal to the market price of the common stock on the date of grant. Options vest over periods ranging from six months to four years and expire ten years after the date of the grant.

Following is a summary of stock option activity:

(In Thousands, Except Per Share Data)	Shares	Weighted-average Option Price
Balance October 27, 2001	6,799	$14.54
Granted	1,082	26.09
Exercised	(453)	11.59
Forfeitures	(64)	15.23
Balance October 26, 2002	7,364	16.41
Granted	1,190	22.36
Exercised	(783)	12.18
Forfeitures	(16)	22.60
Balance October 25, 2003	7,755	17.74
Granted	1,314	26.93
Exercised	(1,088)	12.13
Forfeitures	(14)	24.58
Balance October 30, 2004	**7,967**	**$20.01**

Options exercisable are as follows:

(In Thousands, Except Per Share Data)	Shares	Weighted-average Option Price
October 26, 2002	4,833	$13.80
October 25, 2003	5,124	15.38
October 30, 2004	**5,068**	**$17.37**

Exercise prices and remaining contractual lives for options outstanding and exercisable at October 30, 2004, are as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares (In Thousands)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price	Shares (In Thousands)	Weighted-average Exercise Price
$11.94 - $17.69	3,586	3.48	$15.06	3,334	$14.86
19.25 - 26.97	4,381	7.61	24.05	1,734	22.18
Balance	**7,967**	**5.75**	**$20.01**	**5,068**	**$17.37**

Pro forma information regarding net earnings and earnings per share is required by SFAS No. 123, "Accounting for Stock-Based Compensation," assuming the company accounted for all its employee stock options using the fair value method and is presented in Note A. The fair value of options was estimated at the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for fiscal 2004, 2003, and 2002, respectively: risk-free interest rate of 3.9%, 3.9%, and 4.7%; dividend yield of 1.8%, 1.8%, and 1.8%; expected volatility of 24.4%, 25.8%, and 25.2%; and expected option life of seven years. The weighted-average fair value of options granted in fiscal 2004, 2003, and 2002 were $7.31, $6.27, and $7.74, respectively.

The number of shares available for future grants, in thousands, was 3,610 at October 30, 2004, 4,796 at October 25, 2003, and 5,986 at October 26, 2002.

> note J

Derivatives and Hedging

The company uses hedging programs to manage price risk associated with commodity purchases and foreign currency transactions. These programs utilize futures contracts to manage the company's exposure to price fluctuations in these markets.

Cash Flow Hedge: The company from time to time utilizes corn and soybean meal futures to offset the price fluctuation in the company's future direct grain purchases. The company also utilizes currency futures contracts to reduce its exposure to fluctuations in foreign currencies related to the receipt of royalties that are computed in British pounds. The futures contracts are designated and accounted for as cash flow hedges, and the company measures the effectiveness of the hedges on a regular basis. The company has determined its hedges to be highly effective. Effective gains or losses related to these cash flow hedges are reported as other comprehensive income (loss) and reclassified into earnings, through cost of products sold (corn futures) or net