Notes to Consolidated Financial Statements

Components of net periodic benefit cost (income) are as follows:

	Defined Benefit Plans			Postretirement Benefit Plan		
	2004	2003	2002	2004	2003	2002
Service cost	$ 4,516	$ 3,732	$ 3,586	$ 626	$ 388	$291
Interest cost	7,076	7,088	7,145	919	648	500
Expected return on plan assets	(12,821)	(12,739)	(12,416)	–	–	–
Amortization of unrecognized transition asset	–	–	(642)	–	–	–
Amortization of unrecognized prior service cost	(348)	(348)	(456)	29	18	18
Recognized net actuarial loss	3,710	1,924	1,104	334	46	–
Net periodic benefit cost (income)	$ 2,133	$ (343)	$ (1,679)	$1,908	$1,100	$809

On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act). The Act introduces a prescription drug benefit beginning in 2006 under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We have elected to defer accounting for the effects of the Act until we are able to determine whether the benefits provided under our postretirement benefit plan are actuarially equivalent to Medicare Part D. Therefore, our postretirement benefit obligation has not been remeasured for the effects of the Act. We do not believe the impact of the Act will be material to our results of operations, financial position, or cash flows.

Defined Contribution Plan

We have a defined contribution plan covering most employees age 21 and older. We match contributions for participants with at least one year of service at up to six percent of compensation, based on our performance. The match ranges from a minimum of $0.25 to $1.20 for each dollar contributed by the participant. The plan had net assets of $390,461 at May 30, 2004, and $334,319 at May 25, 2003. Expense recognized in fiscal 2004, 2003, and 2002 was $2,666, $1,732, and $1,593, respectively. Employees classified as "highly compensated" under the Internal Revenue Code are not eligible to participate in this plan. Instead, highly compensated employees are eligible to participate in a separate non-qualified deferred compensation plan. This plan allows eligible employees to defer the payment of all or part of their annual salary and bonus, and provides for awards that approximate the matching contributions and other amounts that participants would have received had they been eligible to participate in our defined contribution and defined benefit plans. Amounts payable to highly compensated employees under the non-qualified deferred compensation plan totaled $88,569 and $69,653 at May 30, 2004, and May 25, 2003, respectively. These amounts are included in other current liabilities.

The defined contribution plan includes an Employee Stock Ownership Plan (ESOP). This ESOP originally borrowed $50,000 from third parties, with guarantees by us, and borrowed $25,000 from us at a variable interest rate. The $50,000 third party loan was refinanced in 1997 by a commercial bank's loan to us and a corresponding loan from us to the ESOP. Compensation expense is recognized as contributions are accrued. In addition to matching plan participant contributions, our contributions to the plan are also made to pay certain employee incentive bonuses. Fluctuations in our stock price impact the amount of expense to be recognized. Contributions to the plan, plus the dividends accumulated on allocated and unallocated shares held by the ESOP, are used to pay principal, interest, and expenses of the plan. As loan payments are made, common stock is allocated to ESOP participants. In fiscal 2004, 2003, and 2002, the ESOP incurred interest expense of $473, $697, and $1,258, respectively, and used dividends received of $454, $1,002, and $735, respectively, and contributions received from us of $4,093, $4,266, and $5,166, respectively, to pay principal and interest on our debt.

The ESOP shares we own are included in average common shares outstanding for purposes of calculating net earnings per share. At May 30, 2004, the ESOP's debt to us had a balance of $29,403 with a variable rate of interest of 1.43 percent; $12,503 of the principal balance is due to be repaid no later than December 2007, with the remaining $16,900 due to be repaid no later than December 2014. The number of our common shares within the ESOP at May 30, 2004, approximated 10,699,000 shares, representing 4,271,000 allocated shares, 6,000 committed-to-be-released shares, and 6,422,000 suspense shares.