

In May 2000, the Company cancelled approximately four million option shares and granted approximately one million restricted shares of Class A stock. The restriction expires over periods through December 1, 2003. At September 28, 2002, the Company had outstanding approximately six million restricted shares of Class A stock with restrictions expiring over periods through July 1, 2020. The unearned portion of the restricted stock is classified on the Consolidated Balance Sheets as deferred compensation in shareholders' equity.

A summary of the Company's stock option activity is as follows:

| | Shares under option | Weighted average exercise price per share |
|--------------------------------------|---------------------|---|
| Outstanding, October 2, 1999 | 12,086,332 | \$15.74 |
| Exercised | (88,332) | 14.23 |
| Cancelled | (5,199,995) | 15.17 |
| Outstanding, September 30, 2000 | 6,798,005 | 16.19 |
| Exercised | — | — |
| Cancelled | (689,520) | 15.57 |
| Granted | 4,291,650 | 11.50 |
| Options assumed with IBP acquisition | 5,918,068 | 8.70 |
| Outstanding, September 29, 2001 | 16,318,203 | 12.27 |
| Exercised | (800,596) | 9.50 |
| Cancelled | (997,816) | 12.97 |
| Granted | 2,509,695 | 9.45 |
| Outstanding, September 28, 2002 | 17,029,486 | \$12.01 |

The number of options exercisable was as follows: September 28, 2002 – 9,373,360; September 29, 2001 – 9,644,323 and September 30, 2000 – 2,926,980. The remainder of the options outstanding at September 28, 2002, are exercisable ratably through October 2006. The number of shares available for future grants was 10,536,763 and 2,742,800 at September 28, 2002, and September 29, 2001, respectively.

The following table summarizes information about stock options outstanding at September 28, 2002:

| Range of exercise prices | Options outstanding | | | Options exercisable | |
|--------------------------|---------------------|--|---------------------------------|---------------------|---------------------------------|
| | Shares outstanding | Weighted average remaining contractual life (in years) | Weighted average exercise price | Shares exercisable | Weighted average exercise price |
| \$ 3.43 – 6.69 | 899,540 | 5.9 | \$ 5.46 | 899,540 | \$ 5.46 |
| 6.71 – 10.91 | 3,876,085 | 5.1 | 9.34 | 3,876,085 | 9.34 |
| 10.92 – 13.85 | 276,240 | 5.7 | 11.69 | 276,240 | 11.69 |
| 9.32 – 9.75 | 2,193,531 | 9.0 | 9.34 | 4,635 | 9.32 |
| 11.50 | 4,050,485 | 8.5 | 11.50 | — | — |
| 14.33 – 14.50 | 1,740,705 | 1.9 | 14.40 | 1,740,705 | 14.40 |
| 14.58 – 15.17 | 1,228,000 | 4.0 | 15.04 | 966,315 | 15.04 |
| 17.92 – 18.00 | 2,764,900 | 4.1 | 17.93 | 1,609,840 | 17.92 |
| | 17,029,486 | | | 9,373,360 | |

The weighted average fair value of options granted during 2002 was approximately \$3.31. The fair value of each option grant is established on the date of grant using the Black-Scholes option-pricing model. Assumptions include an expected life of six years, risk-free interest rate ranging from 3.73% to 3.80%, expected volatility of 37.5% and dividend yield ranging from 1.64% to 1.72% in 2002.