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## COMPANY SUMMARY

### Friday, January 9, 2009

Speaker: Bob Cummins

Rating: Strong Buy

Food Industry Comment:

### ConAgra Foods (CAG-\$16.80)

	<u>F2008</u>	<u>F2009E</u>	<u>F2010E</u>	<u>Dividend/ Yield</u>	<u>Shares Out. (mil.)</u>	<u>12-Mo. Range</u>	<u>12-Mo. Target</u>
EPS (a)	\$1.11	\$1.52	\$1.75	\$0.76	447.1	\$25-\$14	\$23-\$24
P/E	-	11.1x	9.6x	4.5%			

(a) May fiscal years. Excludes nonrecurring gains and charges. Earnings based on continuing operations, excluding divested Trading & Merchandising division.

We are reemphasizing our “1” (Strong Buy) rating on ConAgra Foods, based on the modest valuation of the stock, and on an expected recovery of profit margins in the Consumer Foods segment beginning in the February and May quarters, after two years of erosion caused largely by rising commodity prices. A resumption of healthy earnings growth in the company’s key business area in our view should lead to increased confidence in management and healthy appreciation in the stock. Our revised 12-month target price range of \$23-\$24, down from \$27-\$28, reflects the reduction of earnings multiples in general over the past several months, but nevertheless, combined with the 4.5% dividend yield, implies a 41%-47% total return.

ConAgra Foods reported strong growth of 11% in sales and 23% in operating profit for F2Q (November). That reflected solid gains by the smaller of CAG’s two business segments, Commercial Foods (41% of annual sales), as well as lower corporate expense. The Consumer Foods segment experienced a 4% decline in unit volume, although sales rose 4% as a result of price increases. Its adjusted profits were down 8%, marking the seventh straight quarterly decline, against weak prior-year results. CAG’s bottom line also benefited from 31% lower interest expense and an 8% decline in shares outstanding, both reflecting the use of funds from the sale of the commodity trading business last June to reduce debt and buy back stock. Thus, EPS excluding one-time items showed a strong increase of 43%, to \$0.43 versus \$0.30.

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See page 11 for Analyst's Certification, pages 11-12 for Important Disclosures and pages 12-13 for Other Disclosures and Disclaimers

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Soon after Gary Rodkin joined the company as CEO in October, 2005, with a mandate to upgrade its lackluster performance, he was faced, like other food industry executives, with an extended period of commodity price inflation, including not only food ingredients but also packaging materials, energy and other inputs. More recently, those trends have reversed, but the impact on profit margins for CAG and others has been temporarily delayed by the need to work down higher-cost inventories. With the weakening of the economy and rising unemployment, a new challenge has emerged, as consumers reduce their purchases of premium food products and either trade down to cheaper items or do without.

Despite these caveats, we expect that Consumer Foods profits will pick up markedly in the second half of F2009, and that the share price will rise in response. Management's continued earnings guidance of "slightly above \$1.50" for the May 2009 fiscal year indicates a modest multiple of only 11 times EPS, one of the lowest valuations in the food industry, and implies EPS growth of 49% in the second half, to \$0.82 versus \$0.55 a year ago.

The **Commercial Foods** business had sales of \$4.6 billion (41% of the total) in the past 12 months, and generated segment operating profits of \$543 million (39%), representing a healthy 11.8% profit margin. It produces a range of products for foodservice, food manufacturing and industrial customers in the U.S. and around the world. Its three principal units are ConAgra Mills, one of the nation's leading flour millers; Lamb Weston, one of the top worldwide suppliers of frozen potato products to restaurant chains and other customers; and Gilroy Foods, which produces seasonings, flavors and vegetable products for industrial markets.

Just as CAG's Consumer profits have suffered from rising commodity prices, the Commercial operations have clearly benefited, while also gaining until recently from the weak dollar. In the recent quarterly earnings release, management cautioned that after 14 consecutive quarters of year-to-year earnings growth, Commercial profits in the February quarter are likely to be flat at best, reflecting a difficult comparison with prior-year results, which showed a 37% increase due to exceptionally strong profits in flour milling.

**Consumer Foods** generated sales of \$7.7 billion in the latest 12 months, up from \$7.2 billion a year earlier, but in contrast to the strong profit trends in the Commercial segment, Consumer has seen a decline in operating profits, to \$856 million (11.1% of sales), for the 12 months ended November, 2008, from \$946 million (13.1%) in the prior-year period. A year before that, the margin was an even higher 15.3% of sales. We calculate that if the Consumer Foods profit margin had been at that level in the past 12 months, the company would have earned \$1.71 per share, 37% higher than the actual \$1.25.

In a more benign cost environment, we see no reason that profit margins in Consumer Foods should not rebound significantly from the recent unsatisfactory levels. As shown by Table 3, the company has an impressive array of well-established brands in the dry grocery, refrigerated,

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frozen food and snack areas, offering products that range from basic staples to premium-priced gourmet lines. Over the past ten quarters, the number of its major brands achieving increased sales has significantly exceeded those seeing declines, including the November, 2008 period, when 20 gained, only six declined, and sales of two, Healthy Choice frozen and shelf-stable foods and Hunt's tomato products, were even with a year ago.

Our confidence in the company's potential also reflects our high regard for CEO Rodkin and the management team he has assembled. His resume includes leadership positions with two of the most highly regarded consumer goods companies in the world, General Mills (1979-1995) and PepsiCo (1998-2005), as well as Tropicana, where he was president of North American operations until it was acquired by PepsiCo in 1998. At PEP, he rose to become President and CEO of PepsiCo Beverages and Foods North America, with annual sales of \$10 billion. Since joining CAG, he has made numerous changes in the organization and personnel. Most of the executives listed in the F2005 annual report are no longer with the company.

One of the most significant steps taken under Mr. Rodkin's leadership was the propitious sale of CAG's former Trading & Merchandising business to an investor group led by Ospraie Management, which was announced in March, 2008, and completed in June. Formerly an obscure part of the company's activities, this division's contribution to segment operating profits for the 12 months ended in February, 2008, was an astonishing \$633 million, or 31% of the total, up from a more normal \$159 million (9%) a year earlier, thanks to favorable commodity trading opportunities, the sustainability of which was uncertain to say the least. Initially the total sale price was announced to be \$2.1 billion, but the final consideration was \$2.8 billion, net of transaction costs, reflecting continued strong trading results in the May quarter, leading to a higher book value and increased working capital. CAG received \$2.2 billion in cash and \$550 million face value of payment-in-kind debt securities with a 10.82% interest rate. On the recent conference call, management stated that it is "very comfortable" about collecting on these notes.

Upon the completion of the transaction, the ConAgra board of directors authorized a \$500 million increase in the existing share buyback program. On July 1, management announced a \$900 million accelerated share repurchase program, which resulted in the retirement of 38.4 million shares, representing an 8% reduction of total shares outstanding. This resulted in positive earnings leverage in the November quarter, as adjusted net income rose 33%, but EPS increased 43%. Further share buybacks are planned for later in the fiscal year.

Debt reduction has also had a positive impact on earnings. Total debt, net of cash, amounted to \$3.86 billion at the end of the May fiscal year, \$3.09 billion at the end of August, and \$3.54 billion in November. Interest expense of \$42.7 million in F2Q was 31% below the \$62.2 million a year ago, and thus a 23% increase in operating profit for the period translated into a 39% rise in pretax income. Both fewer shares outstanding and lower interest expense will continue to exert positive leverage on earnings over the balance of F2009, which clearly is one reason for management's optimistic forecast. We should note also that F2009 will be a 53-week year, which theoretically would boost F4Q sales and earnings by nearly 8%.



**Table 1: (Continued) (a)**

	Continuing Operations (b)			
	F2009	F2008	F2007	
<b>February</b>				
Net Sales	\$2,955.3	+13%	\$2,615.1	
Cost of Goods Sold	2,248.4		1,933.3	
Gross Profit	706.9	+4	681.8	
SG&A Expenses	427.1	(12)	365.0	
Operating Profit	279.8	(19)	316.8	
Interest Expense, Net	66.7	(19)	54.9	
Income Before Taxes	213.1	(17)	261.9	
Income Taxes	67.1	(9)%	85.4	
Income After Taxes	146.0	(3)%	176.5	
Equity Earnings	20.8	(6)	5.9	
Net Income	<u>\$166.8</u>		<u>\$182.4</u>	
Diluted Shares	490.6		506.7	
EPS	\$0.34		\$0.36	
% of Sales				
Gross Profit	23.9%		26.1%	
SG&A Expenses	14.5		14.0	
Oper. Profit	9.4		12.1	
Effective Tax Rate	31.5%		32.6%	
<b>May</b>				
Net Sales	\$3,078.1	+15%	\$2,665.3	
Cost of Goods Sold	2,430.4		2,031.3	
Gross Profit	647.7	+2	634.0	
SG&A Expenses	447.2	+41	492.0	
Operating Profit	200.5	+54	142.0	
Interest Expense, Net	69.6	+57	56.9	
Income Before Taxes	130.9	+36%	85.1	
Income Taxes	34.9	(2)%	23.8	
Income After Taxes	96.0	+40	61.3	
Equity Earnings	6.8		14.3	
Net Income	<u>\$102.8</u>		<u>\$75.6</u>	
Diluted Shares	489.3		498.2	
EPS	\$0.21		\$0.15	
% of Sales				
Gross Profit	21.0%		23.8%	
SG&A Expenses	14.5		18.5	
Oper. Profit	6.5		5.3	
Effective Tax Rate	26.7%		28.0%	

	F2008	F2007	F2006
Net Sales	\$3,528.4	\$2,918.4	\$2,861.8
Cost of Goods Sold	2,542.0	2,076.7	2,137.4
Gross Profit	986.4	841.7	724.4
SG&A Expenses	494.0	453.2	405.7
Operating Profit	492.4	388.5	318.7
Interest Expense, Net	62.1	56.1	68.8
Income Before Taxes	430.3	332.4	249.9
Income Taxes	156.6	109.7	86.4
Income After Taxes	273.7	222.7	163.5
Equity Earnings	45.3	9.6	8.4
Net Income	<u>\$319.0</u>	<u>\$232.4</u>	<u>\$171.9</u>
Diluted Shares	490.6	506.7	520.9
EPS	\$0.65	\$0.45	\$0.33
% of Sales			
Gross Profit	28.0%	28.8%	25.3%
SG&A Expenses	14.0	15.5	14.2
Oper. Profit	14.0	13.3	11.1
Effective Tax Rate	36.4%	33.0%	34.6%

	F2008	F2007	F2006
Net Sales	\$3,332.5	\$3,332.5	\$2,944.4
Cost of Goods Sold	2,437.3	2,437.3	2,227.5
Gross Profit	895.2	895.2	716.9
SG&A Expenses	557.0	557.0	427.8
Operating Profit	338.2	338.2	289.1
Interest Expense, Net	59.4	59.4	62.2
Income Before Taxes	278.8	278.8	226.9
Income Taxes	99.7	99.7	85.1
Income After Taxes	179.1	179.1	141.8
Equity Earnings	20.0	20.0	5.6
Net Income	<u>\$199.1</u>	<u>\$199.1</u>	<u>\$147.4</u>
Diluted Shares	498.2	498.2	519.1
EPS	\$0.40	\$0.40	\$0.28
% of Sales			
Gross Profit	26.8%	26.8%	24.3%
SG&A Expenses	16.7	16.7	14.5
Oper. Profit	10.1	10.1	9.8
Effective Tax Rate	35.8%	35.8%	37.5%

(a) Excludes nonrecurring gains and charges.

(b) Excludes divested Trading and Merchandising operations. Partly estimated.

**Table 2: ConAgra Foods, Inc. - Quarterly Segment Results - Continuing Operations (millions) (a)**

	F2009	F2008	F2007 Restated	F2007	F2006	F2005
<b>Aug. - Net Sales:</b>						
Consumer Foods	\$1,868.4	\$1,711.0	\$1,657.7	\$1,651.7	\$1,643.3	\$1,679.6
Commercial Foods	1,197.2	910.1	817.0	831.5	770.5	728.1
Total	\$3,065.6	\$2,621.1	\$2,474.7	\$2,483.2	\$2,413.8	\$2,407.7
	+9%	+3%	+1%	+1%	(2)%	(2)%
	+32	+11	+8	+8	+6	+6
	+17%	+6%	+3%	+3%	-	-
<b>Operating Profit:</b>						
Consumer Foods	\$176.3	\$186.8	\$220.5	\$219.7	\$183.7	\$199.2
Commercial Foods	128.6	120.6	104.4	106.3	96.4	88.8
Segment Total	\$304.9	\$307.4	\$324.9	\$326.0	\$280.1	\$288.0
General Corp. Expense	64.4	70.6	74.8	76.8	72.9	63.6
Company Total	\$240.5	\$236.8	\$250.1	\$249.2	\$207.2	\$224.4
	(6)%	(15)%	+20%	+20%	(8)%	(8)%
	+7	+16	+10	+10	+9	+9
	(1)	(5)	+16	+16	(3)	(3)
	(9)	(6)	+5	+5	+15	+15
	+2%	(5)%	+20%	+20%	(8)%	(8)%
<b>Operating Margin:</b>						
Consumer Foods	9.4%	10.9%	13.3%	13.3%	11.2%	11.9%
Commercial Foods	10.7	13.3	12.8	12.8	12.5	12.2
Segment Total	9.9	11.7	13.1	13.1	11.6	12.0
General Corp. Expense	(2.1)	(2.7)	(3.0)	(3.1)	(3.0)	(2.7)
Company Total	7.8%	9.0%	10.1%	10.0%	8.6%	9.3%
<b>Nov. - Net Sales:</b>						
Consumer Foods	\$2,042.8	\$1,956.2	\$1,907.1	\$1,905.7	\$1,908.1	\$2,052.9
Commercial Foods	1,221.5	995.0	869.5	885.7	805.3	750.3
Total	\$3,264.3	\$2,951.2	\$2,776.6	\$2,791.4	\$2,713.4	\$2,803.2
	+4%	+3%	+3%	-	(7)%	(7)%
	+23	+14	+14	+10%	+7	+7
	+11%	+6%	+6%	+3%	(3)%	(3)%
<b>Operating Profit:</b>						
Consumer Foods	\$252.5	\$274.1	\$332.3	\$328.9	\$259.5	\$338.9
Commercial Foods	155.5	131.8	95.9	92.0	91.9	88.6
Segment Total	\$408.0	\$405.9	\$428.2	\$420.9	\$351.4	\$427.5
General Corp. Expense	63.4	126.0	86.6	94.6	84.1	77.0
Company Total	\$344.6	\$279.9	\$341.6	\$326.3	\$267.3	\$350.5
	(8)%	(18)%	+27%	+27%	(23)%	(23)%
	+18	+37	-	-	+4	+4
	+1	(5)	+20	+20	(18)	(18)
	(50)	+45	+12	+12	+9	+9
	+23%	(18)%	+22%	+22%	(24)%	(24)%
<b>Operating Margin:</b>						
Consumer Foods	12.4%	14.0%	17.4%	17.3%	13.6%	16.5%
Commercial Foods	12.7	13.2	11.0	11.4	11.4	11.8
Segment Total	12.5	13.8	15.4	15.1	13.0	15.3
General Corp. Expense	(1.9)	(4.3)	(3.1)	(3.4)	(3.1)	(2.7)
Company Total	10.6%	9.5%	12.3%	11.7%	9.9%	12.5%

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**Table 2: (Continued) (a)**

	F2009	F2008	F2007 Restated	F2007	F2006	F2005
<b>Feb. - Net Sales:</b>						
Consumer Foods	\$1,921.1	\$1,921.1	\$1,777.7	\$1,773.2	\$1,793.7	\$1,763.6
Commercial Foods	1,034.2	1,034.2	837.4	851.9	789.8	733.4
Total	\$2,955.3	\$2,955.3	\$2,615.1	\$2,625.1	\$2,583.5	\$2,497.0
<b>Operating Profit:</b>						
Consumer Foods	\$232.3	\$232.3	\$307.6	\$308.1	\$275.5	\$271.9
Commercial Foods	144.6	144.6	108.7	109.3	80.2	76.9
Segment Total	\$376.9	\$376.9	\$416.3	\$417.4	\$355.7	\$348.8
General Corp. Expense	82.1	82.1	90.1	90.9	97.6	93.8
Company Total	\$294.8	\$294.8	\$326.2	\$326.5	\$258.1	\$255.0
<b>Operating Margin:</b>						
Consumer Foods	12.1%	12.1%	17.3%	17.4%	15.4%	15.4%
Commercial Foods	14.0	14.0	13.0	12.8	10.2	10.5
Segment Total	12.8	12.8	15.9	15.9	13.8	14.0
General Corp. Expense	(2.8)	(2.8)	(3.4)	(3.5)	(3.8)	(3.8)
Company Total	10.0%	10.0%	12.5%	12.4%	10.0%	10.2%
<b>May - Net Sales:</b>						
Consumer Foods	\$1,889.3	\$1,889.3	\$1,767.7	\$1,760.7	\$1,762.5	\$1,797.5
Commercial Foods	1,188.8	1,188.8	897.6	912.6	823.0	774.0
Total	\$3,078.1	\$3,078.1	\$2,665.3	\$2,673.3	\$2,585.5	\$2,571.5
<b>Operating Profit:</b>						
Consumer Foods	\$194.4	\$194.4	\$201.6	\$201.9	\$263.7	\$231.1
Commercial Foods	114.7	114.7	104.8	105.0	100.1	79.6
Segment Total	\$309.1	\$309.1	\$306.4	\$306.9	\$363.8	\$310.7
General Corp. Expense	108.6	108.6	164.4	169.0	116.7	112.8
Company Total	\$200.5	\$200.5	\$142.0	\$137.9	\$247.1	\$197.9
<b>Operating Margin:</b>						
Consumer Foods	10.3%	10.3%	11.4%	11.5%	15.0%	12.9%
Commercial Foods	9.6	9.6	11.7	11.5	12.2	10.3
Segment Total	10.0	10.0	11.5	11.5	14.1	12.1
General Corp. Expense	(3.5)	(3.5)	(6.2)	(6.3)	(4.5)	(4.4)
Company Total	6.5%	6.5%	5.3%	5.2%	9.6%	7.7%

(a) Continuing operations, excluding divested Trading and Merchandising operations. Excludes nonrecurring gains and charges.

**Table 3: ConAgra Foods, Inc. - Quarterly Sales Trends for Major Consumer Foods Brands**

	F2009		F2008		F2007	
	Brands Growing	Brands Declining	Brands Growing	Brands Declining	Brands Growing	Brands Declining
<b>August:</b>						
(a)	Andy Capp Banquet Blue Bonnet Chef Boyardee Crunch 'n Munch DAVID Egg Beaters Hebrew National Hunt's Libby's Manwich Marie Callender's Orville Redenbacher's Reddi-wip Ro*Tel Rosarita Slim Jim Snack Pack Wesson	ACT II Parkay Swiss Miss Wolf	Banquet Blue Bonnet Chef Boyardee DAVID Egg Beaters Healthy Choice Hebrew National Hunt's Kid Cuisine Libby's Manwich Marie Callender's Orville Redenbacher's Reddi-wip Rosarita Ro*Tel Snack Pack Van Camp's Wesson	ACT II Crunch 'n Munch PAM Parkay Slim Jim Swiss Miss	Banquet Chef Boyardee DAVID Hebrew National Hunt's Kid Cuisine Marie Callender's Orville Redenbacher's PAM Reddi-wip Rosarita Ro*Tel Slim Jim Snack Pack	ACT II Egg Beaters Healthy Choice LaChoy Manwich Parkay Swiss Miss VanCamp's Wesson
(b)	Alexia Andy Capp Banquet Blue Bonnet Crunch 'n Munch DAVID Hebrew National Kid Cuisine Libby's Marie Callender's Orville Redenbacher's Parkay Peter Pan Ro*Tel Rosarita Slim Jim Snack Pack Wesson Wolf	ACT II Chef Boyardee Egg Beaters Manwich PAM Reddi-wip	Blue Bonnet Chef Boyardee Egg Beaters Healthy Choice Hebrew National Libby's Marie Callender's PAM Reddi-wip Rosarita Ro*Tel Slim Jim Snack Pack Wesson Wolf	ACT II Crunch 'n Munch DAVID Kid Cuisine Manwich Orville Redenbacher's Parkay Pemmican Swiss Miss	DAVID Egg Beaters Healthy Choice Hebrew National Hunt's Kid Cuisine Marie Callender's Manwich Orville Redenbacher's PAM Parkay Peter Pan Reddi-wip Rosarita Slim Jim Swiss Miss Wesson Wolf	ACT II Banquet Blue Bonnet Chef Boyardee LaChoy Libby's VanCamp's

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Table 3: (Continued)

	F2009		F2008		F2007	
	Brands Growing	Brands Declining	Brands Growing	Brands Declining	Brands Growing	Brands Declining
<b>February:</b>	ACT II Banquet Blue Bonnet Egg Beaters Healthy Choice Hebrew National Hunt's Libby's Manwich Marie Callender's Orville Redenbacher's PAM Rosarita Ro*Tel Slim Jim Swiss Miss Wesson		ACT II Banquet Blue Bonnet Egg Beaters Healthy Choice Hebrew National Hunt's Libby's Manwich Marie Callender's Orville Redenbacher's PAM Rosarita Ro*Tel Slim Jim Swiss Miss Wesson	ACT II Banquet Blue Bonnet Egg Beaters Healthy Choice Hebrew National Hunt's Libby's Manwich Marie Callender's Orville Redenbacher's PAM Rosarita Ro*Tel Slim Jim Swiss Miss Wesson	ACT II Banquet Blue Bonnet Chef Boyardee DAVID Egg Beaters Hebrew National Hunt's Marie Callender's Manwich Orville Redenbacher's PAM Rosarita Ro*Tel Snack Pack Wolf VanCamp's	ACT II Banquet Healthy Choice Kid Cuisine LaChoy Libby's Parkay Reddi-wip
<b>May:</b>	Andy Capp Blue Bonnet Chef Boyardee Crunch 'n Munch DAVID Egg Beaters Hebrew National Hunt's Libby's Manwich Orville Redenbacher's Rosarita Ro*Tel Snack Pack Wesson Wolf		ACT II Banquet Kid Cuisine Marie Callender's PAM Parkay Permican Reddi-wip Swiss Miss	ACT II Banquet Kid Cuisine Marie Callender's PAM Parkay Permican Reddi-wip Slim Jim Swiss Miss	ACT II Blue Bonnet Chef Boyardee DAVID Egg Beaters Hebrew National Kid Cuisine Libby's Marie Callender's Manwich Orville Redenbacher's Reddi-wip Rosarita Slim Jim Swiss Miss Wesson	ACT II LaChoy Parkay Ro*Tel VanCamp's Wolf

(a) Sales for Healthy Choice, Kid Cuisine and PAM were flat.  
 (b) Sales for Healthy Choice and Hunt's were flat.  
 (c) Sales for Slim Jim and Wesson were flat.  
 (d) Sales for Hunt's, PAM, Healthy Choice and Banquet were flat.

**Table 4: Commodity Prices - Monthly Averages, 2006-2008 (a)**

	Corn		Soybeans		Wheat		Milk	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
January	\$4.52	\$3.65	\$11.95	\$6.59	\$9.60	\$5.21	\$18.92	\$13.44
February	4.94	3.94	13.43	7.26	11.77	5.37	18.04	14.32
March	5.13	3.75	12.76	7.21	11.85*	5.30	17.76	14.96
April	5.59	3.40	12.77	6.97	10.10	5.54	16.76	13.50
May	5.60	3.51	12.72	7.29	8.94	5.43	19.04	17.54
June	6.66*	3.80	14.90	7.77	9.19	6.16	20.18*	20.11
July	6.10	3.08	15.12*	7.99	8.58	6.30	18.34	21.17*
August	5.22	3.07	12.93	7.73	8.63	6.63	17.46	19.86
September	5.01	3.17	11.45	8.79	7.49	8.18	16.18	20.12
October	3.73	3.25	8.89	9.30	5.98	8.71	16.39	18.42
November	3.37	3.64	8.51	10.10	5.98	8.42	15.41	19.19
December	3.35	4.07*	8.43	11.14*	5.80	9.49*	14.34	19.95
								13.47*

(a) Corn - Central Illinois, Bushel; Soybeans - Central Illinois, Bushel; Wheat - Kansas City, Hard Red Winter, Bushel; Milk - Class III, CME Spot MO, Hundredweight.  
 \* Annual peak.

Source: Doane's Agricultural Report.

## Analyst's Certification

I Robert J. Cummins certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report. Other ConAgra Foods reports issued by me are: 1/23/06 (\$20.85) – Strong Buy – Target \$28-\$30; 3/21/06 (\$19.95) – Buy – Target \$22-\$23; 10/19/06 (\$25.70) – Buy – Target \$28-\$29; 1/9/07 (\$27.40) – Buy – Target \$31-\$32; 3/28/07 (\$24.60) – Strong Buy – Target \$31-\$32; 7/17/07 (\$27) – Strong Buy – Target \$31-\$32; 9/26/07 (\$25.50) – Strong Buy – Target \$31-\$32; 1/7/08 (\$23.15) – Strong Buy – Target \$29-\$30; 4/3/2008 (\$24.20) – Strong Buy – Target \$29-\$30; 7/16/08 (\$21) – Strong Buy – Target \$29-\$30; 10/2/08 (\$20) – Strong Buy – Target \$27-\$28; 10/7/08 (\$19.3) – Strong Buy – Target \$27-\$28.

## Important Disclosures

### Guide to Investment Ratings and Target Prices:

**Strong Buy ("1").** The stock's total return is expected to exceed significantly the average total return of the analyst's industry coverage universe over the next 12 months.

**Buy ("2").** The stock's total return is expected to exceed the average total return of the analyst's industry coverage universe over the next 12 months.

**Hold (Neutral) ("3").** The stock's total return is expected to equal the average total return of the analyst's industry coverage universe over the next 12 months.

**Sell ("4").** The stock's total return is expected to be below the average total return of the analyst's industry coverage universe over the next 12 months.

### Analyst's Ratings Distribution

		% Investment Banking
Buy*	63%	0%
Hold	37%	0%
Sell	0%	0%

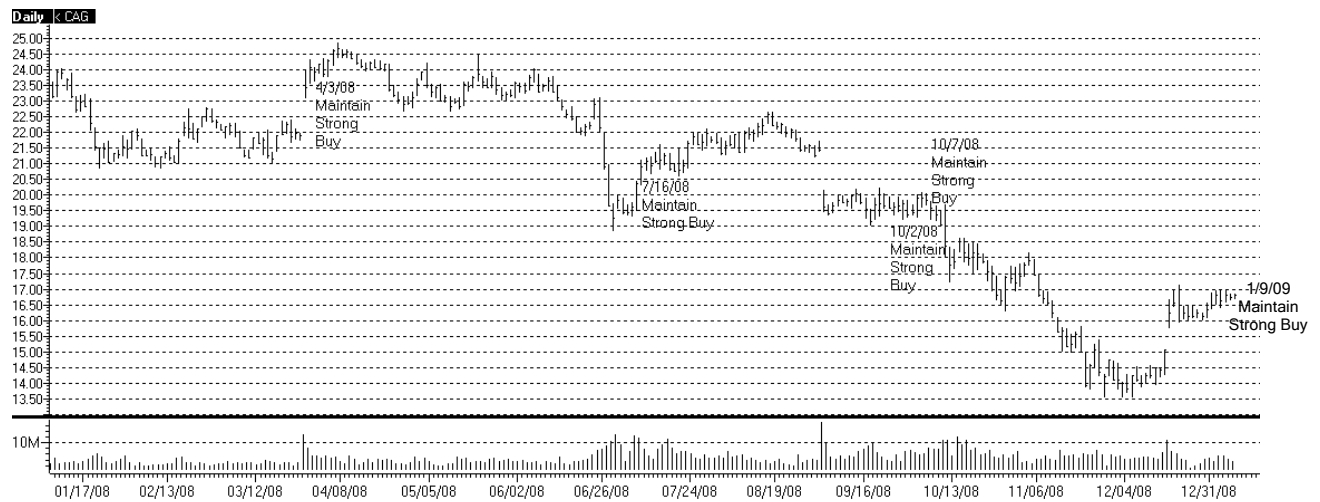
\*Includes companies rated "Strong Buy" and "Buy."

Unless otherwise specified, the time frame for price targets included in this report is 12 months.

Our target prices are based on projected earnings for the following calendar year, and an assumed price/earnings ratio in line with the company's historical valuation or those of other companies with similar businesses and prospects.

The principal risks to the achievement of our price targets, in addition to general market trends, are disappointing earnings and a lower than expected price/earnings ratio.

## Important Disclosures, continued



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