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APRIL 3, 2008

COMPANY SUMMARY

Thursday, April 3, 2008

Speaker: Bob Cummins

Rating: Strong Buy

Food Industry Comment:

ConAgra Foods (CAG-\$24.20)

	<u>F2007</u>	<u>F2008E</u>	<u>F2009E(b)</u>	<u>Dividend/ Yield</u>	<u>Shares Out. (mil.)</u>	<u>12-Mo. Range</u>	<u>12-Mo. Target</u>
EPS (a)	\$1.51	\$1.85	\$1.60	\$0.76	487.5	\$27-\$21	\$29-\$30
P/E	-	13.1x	15.1x	3.1%			

(a) May fiscal years. Excludes nonrecurring gains and charges.

(b) Continuing operations. Reflects divestiture of Trading & Merchandising segment.

Management's confidence in an earnings recovery in Consumer Foods, combined with the planned divestiture of the volatile commodity trading operations, led to a 7% rise in ConAgra Foods' depressed stock price, on near-record volume, on March 27th, the day of the F3Q earnings report and conference call. Since then, the shares have gained another 3%, in sympathy with most other food stocks, which may be reflecting investors' expectation of a decline in the prices of agricultural commodities, after the extraordinary rise seen over the past two years. The impact of CAG's recent price increases will not be fully evident in earnings until the August quarter. In addition, the initial EPS impact of selling the trading business will be negative, in view of the inflated profits currently being enjoyed by that division. Nevertheless, we are pleased by these developments, as well as by management's F2009 EPS goal, based on continuing operations, of "at least \$1.55," including a planned acceleration of share repurchases. On that basis (which is probably conservative), the shares are valued at a moderate 15.6 times earnings.

Since CEO Gary Rodkin joined the company from PepsiCo in October, 2005, he has faced unprecedented challenges on the consumer side, but he has also made significant progress in reorganizing the company to reduce costs, increase product innovation, and accelerate sales and earnings growth. With the recent pass-through of commodity price increases and the pending

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sale of the trading business, we believe ConAgra is at a turning point, and that Mr. Rodkin's accomplishments will be more clearly reflected on the bottom line and in the perceptions of investors. We reemphasize our "1" (Strong Buy) rating and our 12-month target price of \$29-\$30, which together with the \$0.76 dividend would represent a total return of 23%-27%.

ConAgra Foods, on its March 27th conference call, made two important announcements:

- (1) Consumer Foods, the company's largest segment, in the February quarter suffered its fourth consecutive period of double-digit earnings decline, despite increasing sales, due to rising ingredient costs, but the company has now raised prices on 95% of its product line. The benefits will be seen to a degree in the May quarter, and to an even greater extent in the first quarter of F2009.
- (2) The company has agreed to sell its Trading and Merchandising business for \$2.1 billion in cash and debt securities. This unit's profits have increased four-fold in the past 12 months, and it accounted for 130% of CAG's segment operating profit growth for F2008 to date, but investors placed a low value on the earnings due to the volatility of commodity trading. A large portion of the cash proceeds will be used for share repurchases.

Based on continuing operations, excluding the Trading segment, ConAgra overall for the nine months ended February achieved 8% sales growth, but segment operating profits declined 6%. **Consumer Foods** was the culprit, as its sales grew 4% but profits fell 20%, and its operating margin shrank from a healthy 16.6% to 12.7% of sales. The segment's contribution to CAG's ongoing earnings declined from 70% of the total in F2007 to 60% this year. The star for the year to date was **Food & Ingredients**, with impressive growth of 16% in sales and 30% in operating profits. Compared with 26% of ongoing profits a year ago, its contribution thus far in F2008 increased to 36%, as its profit margin expanded dramatically to 13.4% of sales, exceeding that of Consumer for the first time. CAG's **International Foods** business is too small to have much impact, but for the record its sales in the nine months ended February increased 8%, and profits 7%. It contributed 6% of sales and 4% of operating profits, pro forma, for both years.

For F3Q alone, **Consumer Foods** sales increased by a healthy 8% over the prior year, versus only 3% and 2% in the August and November quarters, respectively. Profits, on the other hand, were another story, declining by a dramatic 27%, which as far as we can determine was the largest percentage drop for any quarter in the history of the company. The operating margin declined 570 basis points to just 12.2%, versus a healthy 17.9% a year ago. There were some bright spots, however. The important Healthy Choice brand achieved sales growth of more than 20%, thanks to new product introductions and stronger advertising. Among the company's other major priority investment brands, Banquet, Egg Beaters, Hebrew National, Hunt's, Marie Callender's, Orville Redenbacher's, PAM, Slim Jim and Swiss Miss all posted sales increases.

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We expect significantly improved Consumer Foods profits in the May quarter. This was the period a year ago when operating profits began to decline precipitously, down 23% from a year earlier, while the operating margin was only 11.5% of sales, one of the lowest in history. By contrast, this year's quarter will be the first to reflect the recent round of price increases, which took effect on March 24th and thus will benefit earnings for 9 of the 13 weeks of the quarter, which ends on May 25th.

The **Food & Ingredients** segment, with annual sales of \$3.8 billion, gets considerably less attention than Consumer Foods, but it has been a true success story for ConAgra. Its largest component is Lamb Weston, a leading processor and distributor of potato products for McDonald's and other restaurant chains in the U.S. and around the world, with annual sales of \$2 billion. In February, CAG acquired Watts Brothers, a processor of potatoes and other vegetables, with sales of \$100 million, which serves retail, foodservice and industrial customers, including some frozen vegetables for CAG's own Consumer Foods business. Watts will become a subsidiary of Lamb Weston. The Food & Ingredients segment also includes one of the nation's leading flour millers, ConAgra Mills, and through Gilroy Foods is a supplier of seasonings and flavorings to food processors.

We had expected progress for Food & Ingredients to slow in the February quarter, since profits a year ago had shown an increase of 36%. Instead, results proved extremely strong, with sales and earnings up 24% and 33%, respectively. We expect healthy comparisons in the May quarter, as profits a year ago showed a gain of only 5%, despite an 11% sales increase.

International Foods reported a 6% sales increase for F3Q, all of which was attributable to the weaker dollar. Sales in Canada, CAG's largest foreign market, were down, while Mexico, the Caribbean and Latin America posted increases. Adjusted segment operating profit increased by a healthy 24%, as the margin expanded from 11.0% to 11.3% of sales. Barring an acquisition or merger, it seems unlikely that international packaged-foods operations will ever become an important contributor to sales and earnings, as they are for most of the other large U.S.-based food companies.

Finally, **Trading & Merchandising**, which will be treated as a discontinued operation beginning in the May quarter, once again achieved extraordinary results in the recent period. Revenues nearly doubled, to \$564 million, and operating profit of \$199 million was more than three times that of a year ago. The segment accounted for 16% of total company sales, up from 10% in F3Q-07, and it generated 35% of the profits, versus 13%, in part reflecting the weak results in Consumer Foods. Without detracting from the talents of the division's personnel, results have obviously benefited from conditions in the commodity markets, including rising prices and a high level of volatility. Management cites wheat and fertilizer as particularly strong contributors to the results.

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The sale of the Trading and Merchandising operations to an affiliate of Ospraie Management is scheduled to take place by the end of May, subject to regulatory approval. CAG will receive \$1.6 billion in cash and \$525 million of payment-in-kind debt securities with an average interest rate of 10.82%. CAG will receive a contingent right to a portion of future earnings during the remainder of calendar 2008, and a warrant exercisable for 8% of the equity of the purchaser. Management intends to use the after-tax cash proceeds of \$1.4 billion from the sale primarily for share repurchases, with a lesser amount applied to debt reduction. If, for example, \$1 billion were used for buybacks, at the current price the company could retire about 41.7 million shares, or 8.6% of the total outstanding, thereby helping to offset the dilution from the sale. We expect in addition that ConAgra's ongoing operations will command a higher price/earnings ratio, since they are less volatile and more predictable.

It is no secret that the prices of agricultural and other commodities have escalated dramatically over the past two years. The three leading U.S. crops, corn, soybeans and wheat, currently sell at prices that are double to triple those of two years ago. While growing conditions are always a factor in pricing, the unprecedented inflation experienced since 2006 clearly reflects strong economic trends and increased consumer demand around the world, as well as outright speculation. The weakening economic outlook in the U.S. and other countries in our view could well mark the end of this inflationary spiral, and declining prices for agricultural and other commodities (including oil?), which would be a major plus for the food manufacturers, and perhaps lead to a bull market for food stocks as well.

Table 1: ConAgra Foods, Inc. - Quarterly Summary (millions except EPS) (a)

	Continuing Operations (b)			
	F2008	F2007	F2006	F2005
August				
Net Sales	\$2,955.6	\$2,688.6	\$2,673.8	\$2,630.6
Cost of Goods Sold	2,235.2	2,025.6	2,003.1	1,995.1
Gross Profit	720.4	663.0	670.7	635.5
SG&A Expenses	418.1	398.2	391.0	376.5
Operating Profit	302.3	264.8	279.7	259.0
Interest Expense, Net	58.5	58.0	72.4	73.4
Income Before Taxes	243.8	206.8	207.3	185.6
Income Taxes	85.0	75.8	82.3	74.6
Income After Taxes	158.8	131.0	125.0	111.0
Equity Earnings	12.3	2.2	5.1	14.1
Net Income	\$171.1	\$133.2	\$130.1	\$125.1
Diluted Shares	492.8	512.4	520.5	521.4
EPS	\$0.35	\$0.26	\$0.25	\$0.24
% of Sales				
Gross Profit	24.4%	24.7%	25.1%	24.2%
SG&A Expenses	14.2	14.9	14.6	14.4
Oper. Profit	10.2	9.8	10.5	9.8
Effective Tax Rate	34.9%	36.7%	39.7%	40.2%
November				
Net Sales	\$3,511.0	\$3,088.7	\$3,002.0	\$3,118.2
Cost of Goods Sold	2,546.9	2,278.4	2,270.6	2,311.3
Gross Profit	964.1	810.3	731.4	806.9
SG&A Expenses	519.2	445.1	431.4	406.8
Operating Profit	444.9	365.2	300.0	400.1
Interest Expense, Net	64.3	52.1	68.6	85.8
Income Before Taxes	380.6	313.1	231.4	314.3
Income Taxes	143.2	117.2	87.6	126.1
Income After Taxes	237.4	195.9	143.8	188.2
Equity Earnings	23.1	8.6	7.3	15.1
Net Income	\$260.5	\$204.5	\$151.1	\$203.3
Diluted Shares	490.7	511.3	521.0	517.5
EPS	\$0.53	\$0.40	\$0.29	\$0.39
% of Sales				
Gross Profit	27.5%	26.2%	24.4%	25.9%
SG&A Expenses	14.8	14.4	14.4	13.0
Oper. Profit	12.7	11.8	10.0	12.8
Effective Tax Rate	37.6%	37.4%	37.9%	40.1%

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

	F2008		F2007 Restated (c)		F2007		F2006		F2005	
Aug. - Net Sales:										
Consumer Foods	\$1,567.3	+3%	\$1,522.2	\$1,509.6	+1%	\$1,499.5	(3)%	\$1,549.3		
Food & Ingredients	908.7	+11	817.1	831.5	+8	770.5	+6	728.1		
Trading & Merchandising	327.9	+60	205.4	205.4	(21)	260.0	+17	222.9		
International Foods	151.7	+5	144.0	142.1	(1)	143.8	+10	130.3		
Total	<u>\$2,955.6</u>	<u>+10%</u>	<u>\$2,688.6</u>	<u>\$2,688.6</u>	<u>+1%</u>	<u>\$2,673.8</u>	<u>+2%</u>	<u>\$2,630.6</u>		
Operating Profit:										
Consumer Foods	\$175.9b	(16)%	\$208.7	\$206.6	+24%	\$166.4	(11)%	\$187.0		
Food & Ingredients	120.2	+15	104.1	106.3	+10	96.4	+9	88.8		
Trading & Merchandising	69.3	+344	15.6	15.6	(71)	53.5	+55	34.6		
International Foods	11.3	(14)	13.2	13.1	(24)	17.3	+42	12.2		
Segment Total	<u>\$376.7</u>	<u>+10</u>	<u>\$341.6</u>	<u>\$341.6</u>	<u>+3</u>	<u>\$333.6</u>	<u>+3</u>	<u>\$322.6</u>		
General Corp. Expense	74.4	(3)	76.8	76.8	+5	72.9	+15	63.6		
Company Total	<u>\$302.3</u>	<u>+14%</u>	<u>\$264.8</u>	<u>\$264.8</u>	<u>+2%</u>	<u>\$260.7</u>	<u>+1%</u>	<u>\$259.0</u>		
Operating Margin:										
Consumer Foods	11.2%		13.7%	13.7%		11.1%		12.1%		
Food & Ingredients	13.2		12.7	12.8		12.5		12.2		
Trading & Merchandising	21.1		7.6	7.6		20.6		15.5		
International Foods	7.4		9.2	9.2		12.0		9.4		
Segment Total	<u>12.7</u>		<u>12.7</u>	<u>12.7</u>		<u>12.5</u>		<u>12.3</u>		
General Corp. Expense	(2.5)		(2.9)	(2.9)		(2.7)		(2.5)		
Company Total	<u>10.2%</u>		<u>9.8%</u>	<u>9.8%</u>		<u>9.8%</u>		<u>9.8%</u>		
Nov. - Net Sales:										
Consumer Foods	\$1,794.8	+2%	\$1,766.4	\$1,752.2	-	\$1,753.2	(8)%	\$1,898.0		
Food & Ingredients	995.0	+14	869.6	885.7	+10%	805.3	+7	750.3		
Trading & Merchandising	545.5	+84	297.3	297.3	+3	288.6	(8)	315.0		
International Foods	175.7	+13	155.4	153.5	(1)	154.9	-	154.9		
Total	<u>\$3,511.0</u>	<u>+14%</u>	<u>\$3,088.7</u>	<u>\$3,088.7</u>	<u>+3%</u>	<u>\$3,002.0</u>	<u>(4)%</u>	<u>\$3,118.2</u>		
Operating Profit:										
Consumer Foods	\$261.0	(17)%	\$315.3	\$314.7	+29%	\$244.6	(24)%	\$321.7		
Food & Ingredients	131.3	+45	90.7	92.0	-	91.9	+4	88.6		
Trading & Merchandising	164.5	+323	38.9	38.9	+19	32.7	(34)	49.6		
International Foods	14.7	+1	14.6	14.2	(5)	14.9	(13)	17.2		
Segment Total	<u>\$571.5</u>	<u>+24</u>	<u>\$459.5</u>	<u>\$459.8</u>	<u>+20</u>	<u>\$384.1</u>	<u>(19)</u>	<u>\$477.1</u>		
General Corp. Expense	126.6	+43	88.6	94.6	+12	84.1	+9	77.0		
Company Total	<u>\$444.9</u>	<u>+20%</u>	<u>\$370.9</u>	<u>\$365.2</u>	<u>+22%</u>	<u>\$300.0</u>	<u>(25)%</u>	<u>\$400.1</u>		
Operating Margin:										
Consumer Foods	14.5%		17.8%	18.0%		14.0%		16.9%		
Food & Ingredients	13.2		10.4	10.4		11.4		11.8		
Trading & Merchandising	30.2		13.1	13.1		11.3		15.7		
International Foods	8.4		9.4	9.3		9.6		11.1		
Segment Total	<u>16.3</u>		<u>14.9</u>	<u>14.9</u>		<u>12.8</u>		<u>15.3</u>		
General Corp. Expense	(3.6)		(2.9)	(3.1)		(2.8)		(2.5)		
Company Total	<u>12.7%</u>		<u>12.0%</u>	<u>11.8%</u>		<u>10.0%</u>		<u>12.8%</u>		

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Table 2: (Continued)

	F2008		F2007 Restated (c)		F2007		F2006		F2005	
Feb. - Net Sales:										
Consumer Foods	\$1,765.6	+8%	\$1,631.9		\$1,619.0	(2)%	\$1,644.4	+1%	\$1,625.7	
Food & Ingredients	1,034.2	+24	837.4		851.9	+8	789.8	+8	733.4	
Trading & Merchandising	563.6	+92	293.3		293.3	+5	278.3	+7	259.3	
International Foods	165.0	+6	155.8		154.2	+3	149.3	+8	137.9	
Total	<u>\$3,528.4</u>	<u>+21%</u>	<u>\$2,918.4</u>		<u>\$2,918.4</u>	<u>+2%</u>	<u>\$2,861.8</u>	<u>+4%</u>	<u>\$2,756.3</u>	
Operating Profit:										
Consumer Foods	\$214.6	(27)%	\$292.9b		\$291.2b	+11%	\$261.2	+1%	\$258.3	
Food & Ingredients	143.8	+33	108.4		109.3	+36	80.2	+4	76.9	
Trading & Merchandising	198.9	+219	62.3		62.3	+3	60.6	+5	57.6	
International Foods	18.7	+24	15.1		16.9b	+18	14.3	+5	13.6	
Segment Total	<u>\$576.0</u>	<u>+20</u>	<u>\$478.7</u>		<u>\$479.7</u>	<u>+15</u>	<u>\$416.3</u>	<u>+2</u>	<u>\$406.4</u>	
General Corp. Expense	83.6	(8)	90.9		90.9	(7)	97.6	+4	93.8	
Company Total	<u>\$492.4</u>	<u>+27%</u>	<u>\$387.8</u>		<u>\$388.8</u>	<u>+22%</u>	<u>\$318.7</u>	<u>+2%</u>	<u>\$312.6</u>	
Operating Margin:										
Consumer Foods	12.2%		17.9%		18.0%		15.9%		15.9%	
Food & Ingredients	13.9		12.9		12.8		10.2		10.5	
Trading & Merchandising	35.3		21.2		21.2		21.8		22.2	
International Foods	11.3		9.7		11.0		9.6		9.9	
Segment Total	<u>16.3</u>		<u>16.4</u>		<u>16.4</u>		<u>14.5</u>		<u>14.7</u>	
General Corp. Expense	(2.3)		(3.1)		(3.1)		(3.4)		(3.4)	
Company Total	<u>14.0%</u>		<u>13.3%</u>		<u>13.3%</u>		<u>11.1%</u>		<u>11.3%</u>	
May - Net Sales:										
Consumer Foods			\$1,617.6		\$1,604.5	-	\$1,607.3	(1)%	\$1,642.4	
Food & Ingredients			897.5		912.6	+11%	823.0	+6	774.0	
Trading & Merchandising			659.2		659.2	+84	358.9	(16)	427.1	
International Foods			158.2		156.2	+1	155.2	-	155.1	
Total			<u>\$3,332.5</u>		<u>\$3,332.5</u>	<u>+13%</u>	<u>\$2,944.4</u>	<u>(1)%</u>	<u>\$2,998.6</u>	
Operating Profit:										
Consumer Foods			\$186.2b		\$184.7b	(23)%	\$241.1	+14%	\$211.4	
Food & Ingredients			103.3		105.0	+5	100.1	+26	79.6	
Trading & Merchandising			200.3		200.3	+377	42.0	(25)	56.0	
International Foods			17.4		17.2	(24)	22.6	+15	19.7	
Segment Total			<u>\$507.2</u>		<u>\$507.2</u>	<u>+25</u>	<u>\$405.8</u>	<u>+11</u>	<u>\$366.7</u>	
General Corp. Expense			169.0		169.0	+45	116.7	+3	112.8	
Company Total			<u>\$338.2</u>		<u>\$338.2</u>	<u>+17%</u>	<u>\$289.1</u>	<u>+14%</u>	<u>\$253.9</u>	
Operating Margin:										
Consumer Foods			11.5%		11.5%		15.0%		12.9%	
Food & Ingredients			11.5		11.5		12.2		10.3	
Trading & Merchandising			30.4		30.4		11.7		13.1	
International Foods			11.0		11.0		14.6		12.7	
Segment Total			<u>15.2</u>		<u>15.2</u>		<u>13.8</u>		<u>12.2</u>	
General Corp. Expense			(5.1)		(5.1)		(4.0)		(3.7)	
Company Total			<u>10.1%</u>		<u>10.1%</u>		<u>9.8%</u>		<u>8.5%</u>	

(a) Continuing operations. Excludes nonrecurring gains and charges.

(b) Excludes charge for product recall. (c) Partly estimated.

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

	F2008		F2007	
	Brands Growing	Brands Declining	Brands Growing	Brands Declining
August:	Banquet Blue Bonnet Chef Boyardee DAVID Egg Beaters Healthy Choice Hebrew National Hunt's Kid Cuisine Libby's Marie Callender's Manwich Orville Redenbacher's Reddi-wip Rosarita Rotel Snack Pack Van Camp's Wesson	ACT II Crunch N Munch Knott's Berry Farm 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 Rotel Slim Jim Snack Pack	ACT II Egg Beaters Healthy Choice LaChoy Manwich Parkay Swiss Miss VanCamp's Wesson
November:	Blue Bonnet Chef Boyardee Egg Beaters Healthy Choice Hebrew National Libby's Marie Callender's PAM Reddi-wip Rosarita Rotel Slim Jim Snack Pack Wesson Wolf	ACT II Crunch N Munch DAVID Kid Cuisine Knott's Berry Farm 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 Knott's Berry Farm LaChoy Libby's VanCamp's

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Table 3: (Continued)

	F2008		F2007	
	Brands Growing	Brands Declining	Brands Growing	Brands Declining
February:	ACT II Banquet Blue Bonnet Egg Beaters Healthy Choice Hebrew National Hunt's Libby's Manwich Marie Callender's Orville Redenbacher's PAM Rosarita Rotel Slim Jim Swiss Miss Wesson	Chef Boyardee Crunch N Munch Kid Cuisine Knott's Berry Farm Parkay Pemmican Reddi-wip Snack Pack Wolf	(a) Blue Bonnet Chef Boyardee DAVID Egg Beaters Hebrew National Hunt's Marie Callender's Manwich Orville Redenbacher's PAM Rosarita Rotel Snack Pack Wolf VanCamp's	ACT II Banquet Healthy Choice Kid Cuisine Knott's Berry Farm LaChoy Libby's Parkay Reddi-wip
May:			(b) 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 Knott's Berry Farm LaChoy Parkay Rotel VanCamp's Wolf

(a) Sales for Slim Jim and Wesson were in line with prior-year amounts.

(b) Sales for Hunt's, PAM, Healthy Choice and Banquet were in line with prior-year amounts.

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: 3/4/05 (\$28) – Strong Buy – Target \$34-\$35; 5/20/05 (\$27) – Strong Buy – Target \$34-\$35; 7/8/05 (\$22.70) – Strong Buy – Target \$28-\$30; 9/14/05 (\$22.50) – Strong Buy – Target \$28-\$30; 9/29/05 (\$24.30) – Strong Buy – Target \$28-\$30; 12/13/05 (\$20) – Strong Buy – Target \$28-\$30; 1/12/06 (\$20.20) – Strong Buy – Target \$28-\$30; 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.

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*	71%	0%
Hold	29%	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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