



Q1 FY06 Question & Answer
September 21, 2005

1. What were some examples of major brands in the Retail Products segment posting sales growth for the quarter?

Butterball
Chef Boyardee
DAVID
Kid Cuisine
La Choy
Manwich
Marie Callender's
Orville Redenbacher's
Peter Pan
Slim Jim
Snack Pack
Van Camp's
Wesson

2. What were some examples of major brands in the Retail Products segment posting sales declines for the quarter?

ACT II
Armour
Banquet
Blue Bonnet
Cook's
Eckrich
Egg Beaters
Healthy Choice
Hebrew National
Hunt's
PAM
Parkay
Reddi-wip
Swiss Miss

3. What were unit volume changes for the quarter in the Retail Products and Foodservice Products segments?

Retail Products volume declined 3% in the current quarter. As a point of reference for the year-over-year comparison, Retail Products volume increased 8% in the first quarter last fiscal year.

Foodservice Products volume increased 4% in the current quarter.

4. How much was total Depreciation and Amortization (all types) from continuing operations for the quarter?

Approximately \$89 million (versus approximately \$88 million in Q1 2005).

\$88 million of depreciation (versus \$87 million in Q1 2005)

\$1 million of other amortization (versus \$1 million in Q1 2005)

5. How much were Capital Expenditures from continuing operations for the quarter?

Approximately \$71 million (versus approximately \$105 million in Q1 2005).

6. What was the net interest expense for the quarter?

\$68 million.

7. What was Corporate Expense for the quarter?

Approximately \$73 million (versus approximately \$64 million in Q1 2005).

8. How much did you pay in dividends during the quarter?

\$141 million.

9. What was the weighted average number of diluted shares outstanding for the quarter?

521 million shares.

10. What was the approximate effective tax rate for the quarter (rounded)?

36%, reflecting a slightly lower tax rate compared to the prior year.

11. What were the gross margins and operating margins for the quarter (\$ amounts in millions, rounded)?

Gross Margin = Gross Profit* divided by Net Sales

Gross Margin = $\$728/\$3,363 = 21.6\%$

Operating Margin = Segment Operating Profit** divided by Net Sales

Operating Margin = $\$367/\$3,363 = 10.9\%$

* Gross Profit = Net Sales – Costs of Goods Sold ($\$3,363 - \$2,635 = \$728$)

**See first-quarter segment operating results for a reconciliation of Operating Profit to Income from continuing operations before income taxes and equity method investment earnings (loss). Income from continuing operations before income taxes and equity method investment earnings (loss), divided by Net Sales = $\$555/\$3,363 = 16.5\%$.

12. What was the trade working capital position at quarter end, excluding amounts for discontinued operations?

Trade working capital is defined as the net position of Accounts Receivable plus Inventory less Current Operating Liabilities (Accounts Payable, Accrued Expenses, and Advances on Sales).

	<u>Q1 FY06</u>	<u>Q1 FY05</u>
Accounts Receivable	\$1,287	\$1,323
Inventory	\$2,756	\$2,585
Less: Accounts Payable	\$ 927	\$ 864
Less: Accrued Expenses	\$1,371	\$1,420
Less: Advances on Sales	<u>\$ 129</u>	<u>\$ 103</u>
Net Position	\$1,616	\$1,521

13. What is included in the company's net debt at the end of the quarter (in millions)?

	<u>Q1 FY06</u>	<u>Q1 FY05</u>
Total Debt*	\$4,473	\$5,677
Less: Cash On Hand	<u>\$ 501</u>	<u>\$ 370</u>
Total	\$3,972	\$5,307

* Total debt = short-term debt, long-term debt, and subordinated debt

14. What is the preliminary estimate of the effective tax rate for fiscal 2006 (rounded)?

Approximately 36%.

15. What are the projected Capital Expenditures for fiscal 2006?

Approximately \$400 million.

16. What is the expected net interest expense for fiscal 2006?

Approximately \$300 million.

17. Has the company sold all of the shares of Pilgrim's Pride Corporation common stock it received when it divested its fresh poultry business to Pilgrim's Pride?

Yes, ConAgra Foods sold 15.4 million shares in the quarter and no longer owns any Pilgrim's Pride common stock.

18. As reported in the earnings release and prior releases, what are the main items in the first-quarter fiscal 2006 diluted EPS that will affect comparability with first-quarter fiscal 2005 diluted EPS?

Summary of major items included in diluted EPS of \$0.68 for the first quarter of fiscal 2006 **First Quarter**
FY06

Gain on sale of Pilgrim's Pride Corporation common stock	\$0.40
Impairment charges related to two joint ventures	\$0.03
Expense related to plant closure	\$0.01
Income from discontinued operations	\$0.01

Summary of major item included in diluted EPS of \$0.26 for the first quarter of fiscal 2005 **First Quarter**
FY05

Costs to implement efficiency initiatives	\$0.02
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19. The attached tables were part of the fourth-quarter fiscal 2005 earnings release Q&A and have not changed. These are provided as reference because of classification changes that took place during the fourth quarter of fiscal 2005.

ConAgra Foods, Inc.
Segment Operating Results
(\$USD, in millions)

	FY 2004					FY 2005				
	Q1 FY04	Q2 FY04	Q3 FY04	Q4 FY04	Total	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	Total
Segment Sales										
Retail Products	\$1,841.0	\$2,271.6	\$2,091.3	\$2,230.2	\$8,434.1	\$2,014.2	\$2,485.4	\$2,076.8	\$2,092.7	\$8,669.1
Foodservice Products	772.4	842.7	776.6	882.4	3,274.1	792.2	832.4	783.9	818.8	3,227.3
Food Ingredients	508.1	577.0	558.0	730.5	2,373.6	576.8	691.3	607.5	794.9	2,670.5
Total	3,121.5	3,691.3	3,425.9	3,843.1	14,081.8	3,383.2	4,009.1	3,468.2	3,706.4	14,566.9
Segment Operating Profit										
Retail Products	208.0	361.3	329.3	319.4	1,218.0	209.8	373.0	303.1	243.4	1,129.3
Foodservice Products	74.4	86.3	70.5	93.4	324.6	66.4	92.5	62.4	55.8	277.1
Food Ingredients	27.9	54.1	54.2	60.4	196.6	60.1	79.2	59.8	64.0	263.1
Total	310.3	501.7	454.0	473.2	1,739.2	336.3	544.7	425.3	363.2	1,669.5
Reconciliation of total operating profit to income from continuing operations before income taxes, equity method investment earnings (loss) and cumulative effect of changes in accounting										
Items excluded from segment operating profit:										
General corporate expense	(90.3)	(82.6)	(79.2)	(99.8)	(351.9)	(63.6)	(72.3)	(135.5)	(130.8)	(402.2)
Gain on sale of Pilgrim's Pride Corporation common stock	-	-	-	-	-	-	-	185.7	-	185.7
Interest expense, net	(65.5)	(68.2)	(61.8)	(79.4)	(274.9)	(73.4)	(85.8)	(68.1)	(67.7)	(295.0)
Income from continuing operations before income taxes, equity method investment earnings (loss) and cumulative effect of changes in accounting	\$154.5	\$350.9	\$313.0	\$294.0	\$1,112.4	\$199.3	\$386.6	\$407.4	\$164.7	\$1,158.0

Segment operating profit excludes general corporate expense, gain on sale of Pilgrim's Pride Corporation common stock, equity method investment earnings (loss) and net interest expense. Management believes such amounts are not directly associated with segment performance results for the period. Management believes the presentation of total operating profit for segments facilitates period-to-period comparison of results of segment operations.

ConAgra Foods, Inc.
Income Statement for FY05, FY04
(\$USD, in millions)

	FY 2004					FY 2005				
	Q1 FY04	Q2 FY04	Q3 FY04	Q4 FY04	Total	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	Total
Net sales	\$3,121.5	\$3,691.3	\$3,425.9	\$3,843.1	\$14,081.8	\$3,383.2	\$4,009.1	\$3,468.2	\$3,706.4	\$14,566.9
Costs and expenses										
Cost of goods sold	2,439.1	2,791.7	2,625.3	3,020.0	10,876.1	2,700.3	3,108.1	2,696.0	2,960.5	11,464.9
SG&A expenses	462.4	480.5	425.8	449.7	1,818.4	410.2	428.6	482.4	513.5	1,834.7
Interest expenses, net	65.5	68.2	61.8	79.4	274.9	73.4	85.8	68.1	67.7	295.0
Gain on sale of Pilgrim's Pride Corporation common stock	-	-	-	-	-	-	-	185.7	-	185.7
Income from continuing operations before income taxes, equity method investment earnings (loss) and cumulative effect of changes in accounting	154.5	350.9	313.0	294.0	1,112.4	199.3	386.6	407.4	164.7	1,158.0
Income tax expense	36.4	130.3	110.6	151.5	428.8	81.0	156.1	161.0	71.9	470.0
Equity method investment earnings (loss)	11.2	16.3	1.9	14.1	43.5	14.1	15.1	(64.0)	9.9	(24.9)
Income from continuing operations before cumulative effect of changes in accounting	129.3	236.9	204.3	156.6	727.1	132.4	245.6	182.4	102.7	663.1
Income (loss) from discontinued operations	40.3	31.9	12.4	12.7	97.3	2.3	(6.0)	(17.1)	(0.8)	(21.6)
Income before cumulative effect of changes in accounting	169.6	268.8	216.7	169.3	824.4	134.7	239.6	165.3	101.9	641.5
Cumulative effect of changes in accounting	(11.7)	-	(1.4)	-	(13.1)	-	-	-	-	-
Net income	\$157.9	\$268.8	\$215.3	\$169.3	\$811.3	\$134.7	\$239.6	\$165.3	\$101.9	\$641.5