



Q3 FY06 Question & Answer
March 23, 2006

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

Chef Boyardee
DAVID
Egg Beaters
Healthy Choice
Hebrew National
Hunt's
Kid Cuisine
Marie Callender's
Orville Redenbacher
Peter Pan
Ranch Style
Reddi-wip
Ro*Tel
Snack Pack
Van Camp's

Retail sales for Banquet and Slim Jim were in line with last year's amounts.

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

ACT II
Blue Bonnet
LaChoy
Manwich
Mama Rosa
PAM
Parkay
Rosarita
Swiss Miss
Wesson
Wolf

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

Retail Products volume increased 4% in the current quarter.

Foodservice Products volume increased 1% in the current quarter.

4. How much was total Depreciation and Amortization for the quarter?

Approximately \$91 million, of which approximately \$78 million applied to continuing operations (versus approximately \$91 million in Q3 2005, of which approximately \$76 million applied to continuing operations).

5. How much was total Depreciation and Amortization for the fiscal year-to-date?

Approximately \$269 million, of which approximately \$226 million applied to continuing operations (versus \$265 million through Q3 2005, of which approximately \$207 million applied to continuing operations.)

6. How much were Capital Expenditures for the quarter?

Approximately \$61 million (versus approximately \$97 million in Q3 2005), including both continuing operations and discontinued operations.

7. How much were Capital Expenditures for the fiscal year-to-date?

Approximately \$196 million (versus \$353 million through Q3 2005), including both continuing operations and discontinued operations.

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

Approximately \$62 million.

9. What was the net interest expense for the fiscal year-to-date?

Approximately \$192 million.

10. What was Corporate Expense for the quarter?

Approximately \$171 million, which includes approximately \$77 million of expense from items that impact comparability with the prior year.

11. What was Corporate Expense for the fiscal year-to-date?

Approximately \$347 million.

12. How much did the company pay in dividends during the quarter?

\$141 million

13. How much did the company pay in dividends fiscal year-to-date?

\$ 424 million

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

521 million shares

15. What was the approximate effective tax rate for the quarter (rounded) for continuing operations?

27%, including a benefit from changes in estimates related to state income tax liabilities partially offset by the impact of non-deductible equity method investment impairment charges. The lower effective tax rate favorably impacted earnings by approximately \$11 million or \$0.02 per diluted share.

16. 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 = \$715/\$2,879 = 24.8%

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

Operating Margin = \$360/\$2,879 = 12.5%

* Gross Profit = Net Sales – Costs of Goods Sold (\$2,879 – \$2,164 = \$715)

**See third-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 = \$126/\$2,879 = 4.4%.

17. 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>Q3 FY06</u>	<u>Q3 FY05</u>
Accounts Receivable	\$1,159	\$1,353
Inventory	\$2,489	\$2,408
Less: Accounts Payable	\$ 892	\$ 941
Less: Accrued Expenses	\$1,449	\$1,596
Less: Advances on Sales	<u>\$ 137</u>	<u>\$ 171</u>
Net Position	\$1,170	\$1,053

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

	<u>Q3 FY06</u>	<u>Q3 FY05</u>
Total Debt*	\$3,842	\$4,527
Less: Cash On Hand	<u>\$ 237</u>	<u>\$ 9</u>
Total	\$3,605	\$4,518

* Total debt = notes payable, short-term debt, long-term debt, and subordinated debt.

19. What were the significant changes to debt during the quarter?

At the end of the third quarter, interest-bearing debt was approximately \$3.8 billion, reflecting the fact that the company repaid approximately \$500 million of debt during the quarter. The current portion of long-term debt reflects \$400 million of 7.125% senior debt due October 2026 that has been reclassified because of a put option that is exercisable by the holders of the debt from Aug. 1, 2006 to Sept. 1, 2006. Based on current market conditions, the company does not anticipate the holders to exercise the put option, and therefore expects to reclassify the \$400 million debt back into senior long-term debt after Sept. 1, 2006 when the put option expires.

20. What is the preliminary estimate of the effective tax rate for the fourth quarter of fiscal 2006 (rounded), excluding any items impacting comparability?

Approximately 36%.

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

No more than \$400 million.

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

Approximately \$260-\$270 million.

23. Please summarize (in tabular form) the EPS contribution from continuing and discontinued operations as well as the net impact of major items impacting comparability for Q3FY06 and Q3FY05.

Q3FY06	EPS, including items Impacting Comparability	Items that Impact Comparability*	EPS, excluding items Impacting Comparability
Continuing Operations	\$0.18	(\$0.14)	\$0.31**
Discontinued Operations	(\$0.24)	(\$0.30)	\$0.06
Total	(\$0.06)	\$0.43**	\$0.37**

Q3 FY05	EPS, including items Impacting Comparability	Items that Impact Comparability*	EPS, excluding items Impacting Comparability
Continuing Operations	\$0.31	\$0.00 (net)	\$0.31
Discontinued Operations	\$0.01	\$0.03	\$0.04
Total	\$0.32	\$0.03	\$0.35

*For a presentation of the items affecting comparability, please see the section entitled "Major Items Affecting Third-Quarter Fiscal 2006 Comparability" in the accompanying Q3FY06 earnings release.

* **Impacted by rounding.

24. Does the company have any comment on discontinued operations for the year-ago period?

Income from discontinued operations in the year-ago period was \$0.01 after tax, which includes (\$0.03) of loss, including impairment charges, from specialty meats operations, which the company no longer owns; this was more than offset by \$0.04 of income from operations yet to be divested, specifically packaged meats, seafood, and cheese. The company considers the (\$0.03) to impact comparability because the company no longer owns the operations that generated the (\$0.03). The company does not consider the other \$0.04 to impact comparability, as those earnings came from operations still owned by

the company; as such, results from those operations are included in both current year and prior year amounts.

25. What are the revised historical segment results as a result of the classification change that took place this quarter?

Please see the attached tables—one shows segment information and the other shows the entire P/L information.

ConAgra Foods, Inc.
Segment Operating Results: Q3 FY06
(\$USD, in Millions)

	FY 2005					FY 2006			
	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	Total	Q1 FY06	Q2 FY06	Q3 FY06	YTD FY06
<u>Segment Sales</u>									
Retail Products	\$ 1,518.1	\$ 1,866.9	\$ 1,607.3	\$ 1,630.2	\$ 6,622.5	\$ 1,503.2	\$ 1,752.2	\$ 1,661.3	\$ 4,916.7
Foodservice Products	535.7	560.0	541.4	571.7	2,208.8	565.6	585.5	561.1	1,712.2
Food Ingredients	<u>576.8</u>	<u>691.3</u>	<u>607.6</u>	<u>794.9</u>	<u>2,670.6</u>	<u>631.4</u>	<u>688.0</u>	<u>656.5</u>	<u>1,975.9</u>
Total	2,630.6	3,118.2	2,756.3	2,996.8	11,501.9	2,700.2	3,025.7	2,878.9	8,604.8
<u>Segment Operating Profit</u>									
Retail Products	181.3	314.7	271.5	206.0	973.5	180.9	256.7	248.1	685.7
Foodservice Products	68.2	83.2	57.0	63.6	272.0	74.5	86.7	41.1	202.3
Food Ingredients	<u>60.1</u>	<u>79.1</u>	<u>59.9</u>	<u>64.1</u>	<u>263.2</u>	<u>76.2</u>	<u>53.3</u>	<u>70.7</u>	<u>200.2</u>
Total	309.6	477.0	388.4	333.7	1,508.7	331.6	396.7	359.9	1,088.2
Reconciliation of total operating profit to income from continuing operations before income taxes and equity method investment earnings (loss)									
<u>Items excluded from segment operating profit:</u>									
General and corporate expense	(63.6)	(77.0)	(137.8)	(123.7)	(402.1)	(73.0)	(103.1)	(170.5)	(346.6)
Gain on sale of Pilgrim's Pride	-	-	185.7	-	185.7	329.4	-	-	329.4
Corporation common stock	<u>(73.4)</u>	<u>(85.8)</u>	<u>(68.1)</u>	<u>(67.7)</u>	<u>(295.0)</u>	<u>(68.1)</u>	<u>(62.3)</u>	<u>(61.8)</u>	<u>(192.2)</u>
Interest expense, net									
Income from continuing operations before income taxes and equity method investment earnings (loss)	<u>\$ 172.6</u>	<u>\$ 314.2</u>	<u>\$ 368.2</u>	<u>\$ 142.3</u>	<u>\$ 997.3</u>	<u>\$ 519.9</u>	<u>\$ 231.3</u>	<u>\$ 127.6</u>	<u>\$ 878.8</u>

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 FY06 YTD, FY05
(\$USD, in millions)

	FY 2005					FY 2006			
	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	YTD FY 05	Q1 FY06	Q2 FY06	Q3 FY06	YTD FY 06
Net sales	\$ 2,630.6	\$ 3,118.2	\$ 2,756.3	\$ 2,996.8	\$ 11,501.9	\$ 2,700.2	\$ 3,025.7	\$ 2,878.9	\$ 8,604.8
Costs and expenses									
Costs of goods sold	2,004.1	2,311.3	2,046.1	2,312.9	8,674.4	2,031.5	2,298.5	2,164.1	6,494.1
SG&A expenses	380.5	406.9	459.6	473.9	1,720.9	410.1	433.6	525.4	1,369.1
Interest expenses, net	73.4	85.8	68.1	67.7	295.0	68.1	62.3	61.8	192.2
Gain on sale of Pilgrim's Pride Corporation common stock	-	-	185.7	-	185.7	329.4	-	-	329.4
	<u>2,458.0</u>	<u>2,804.0</u>	<u>2,388.1</u>	<u>2,854.5</u>	<u>10,504.6</u>	<u>2,180.3</u>	<u>2,794.4</u>	<u>2,751.3</u>	<u>7,726.0</u>
Income from continuing operations before income taxes and equity method investment earnings (loss)	172.6	314.2	368.2	142.3	997.3	519.9	231.3	127.6	878.8
Income tax expense (benefit)	70.9	126.1	144.8	68.1	409.9	181.2	86.7	34.3	302.2
Equity method investment earnings	14.0	15.1	(64.0)	10.1	(24.8)	(13.9)	(16.7)	(0.6)	(31.2)
Income from continuing operations	115.7	203.2	159.4	84.3	562.6	324.8	127.9	92.7	545.4
Income (loss) from discontinued operations	19.0	36.2	5.9	17.7	78.8	27.2	35.3	(124.4)	(61.9)
Net income	<u>\$ 134.7</u>	<u>\$ 239.4</u>	<u>\$ 165.3</u>	<u>\$ 102.0</u>	<u>\$ 641.4</u>	<u>\$ 352.0</u>	<u>\$ 163.2</u>	<u>\$ (31.7)</u>	<u>\$ 483.5</u>