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PRESENTATION

David Driscoll - *Citigroup - Analyst*

Good morning and welcome; we're ready for our next presentation which is ConAgra Foods. We're delighted to have ConAgra here today, a North American packaged food company with more than $12 billion in sales and many leading brands such as Healthy Choice, Chef Boyardee, Orville Redenbacher and Lamb Weston.

Joining us from ConAgra today is Mr. Gary Rodkin, Chief Executive Officer; Mr. John Gehring, Executive Vice President and Chief Financial Officer; and Mr. Chris Klinefelter, Vice President for Investor Relations.

Mr. Rodkin joined ConAgra as Chief Executive Officer in 2005 and has a long history within the packaged food sector, including Chairman and Chief Executive Officer of PepsiCo Beverages & Foods North America, President of Tropicana and President of Yoplait Yogurt.

Mr. Gehring has been CFO at ConAgra since 2009 and prior to the position was Senior Vice President and Controller at ConAgra Foods from 2004 to 2009.

Under Gary's leadership the Company has transformed itself from a holding company for dozens of brands and businesses into a unified operating company. We are eager to hear the next phase of ConAgra. And with that I'm going to turn it over to Gary for some prepared remarks and then we're going to move into our fireside chat mode where we have a bit more of a discussion. We will save time at the end for those of you in the audience to ask questions. So we'll look forward to that. And I'll turn it over to Gary right now. Thank you.

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

My remarks aren't that prepared, so I'll promise to keep them brief so we can get into the important part, which is the Q&A. So as Dave mentioned, we really have transformed the Company. When I joined in late '05 we were truly a holding company. That's the way the Company was built through many, many dozens of acquisitions and the basic philosophy had been come join big ConAgra and you don't have to do anything differently, just keep doing what you're doing. And the Company was built over many years that way.

As time went on to and became very clear that we needed to change the Company into an operating company, that's when I came in in late '05. And what we've done here now, after spending about five or six years truly building that foundation, is look more toward what is that next phase. And that's what you see here up on the screen, this -- we call it our recipe for growth and that's really our strategic road map.

And it's meant -- it was meant in its development about 15 months ago to give clarity basically to all constituencies internally and externally into where we're headed and how are we going to get there and really recognizing through some very strong analytical work that we did need to do some things differently as we faced forward over the next five years.

Do we have to go through this one, Dave? Good, okay. Just to give you a real quick snapshot of the Company, we're about $13 billion in sales, we're about two-thirds what we would call consumer foods and one-third commercial, commercial being basically B2B and foodservice. We've got a strong balance sheet, as you can see here, and we are committed to a top-tier dividend.

So I talked about phase 1 really being getting the Company on more solid ground as an operating company. And that has all the elements that you see listed here, big ones being truly changing the way the Company was organized from all the independent operating units.

When I joined the Company we had about 150 different bonus plans. So that was reflective of the way that we operated the Company, into one where we could really get scale instead of just size. And that meant developing enterprise-wide functions.

So having R&D, finance, human resources, etc., go across the whole Company and turn it into an operating company, one big company that, as I said, could leverage scale instead of just size. We obviously did a lot of things to change in the portfolio in the early years primarily on the divestiture side, getting out of some big businesses.

We were a big meat company and we recognized that we really didn't have a right to win where all the processors like Tyson and Smithfield were integrating forward into the retail space with a very different cost structure, a very different desire from investors, just a very different way to manage the business.

We divested that business as well as a number of others and then several years later the trading business because we really weren't getting rewarded for being in that business. So a lot of things happened there in phase 1.

And then about a year and a half ago, as I mentioned, we developed this new strategic road map, the recipe for growth, which really in its essence was meant to say, okay, now you have built a foundation, we are now a solid decent operating company, we've got some strong capabilities, what we need to do now is really point forward toward where we're going to get growth because that's really how we're going to create shareholder value.

So that's really what this is about, the recipe for growth to give clarity. And here is kind of the top-line of it. I'm only going to talk about the top three bubbles you see there, that's really the drivers of the business growth. Underneath you can see some things that are very important to us internally, but let me talk just for a minute about those three bubbles where we are putting our resources to drive the growth.

The first you see there is our core adjacencies. Now that is really to say we have got to figure out where we want to play, where we can have some more tailwinds from a category standpoint. But, how do we leverage the infrastructure that we currently have? So a really good example would be in our frozen business.

So we've got a very strong position in frozen meals with brands like Marie Callender and Banquet and Healthy Choice. So we've got big scale, strong capabilities there, but the real growth vectors in the frozen business are in the breakfast daypart and in the dessert daypart, those are what we would call adjacencies.

And we first started on the dessert side; we kind of tiptoed our way in with some internal innovation on the Banquet side, developing Banquet dessert pies, that really taking the capabilities that we had on the pot pie business. So it's just a little different putting fruit in there instead of chicken, let's say. That was very successful.

We then went out and made an acquisition of the American Pie business, which was taking the Marie Callender equity, which we had in all the rest of the grocery business, but we didn't have that dessert pie business. We bought that business because we had a real clear I should say tailwind coming out of the frozen dessert business, we could combine that with our Marie Callender brand for all the obvious reasons, we could innovate more, we could produce with better productivity and that business has been outstanding for us for the last 15 months since we have owned it.

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And you're going to see more and more come out of us in the frozen dessert side. So that's what I mean when I say adjacencies and just recently we purchased a regional business called Odom's Tennessee Pride which is basically a frozen breakfast business much like Sara Lee's Jimmy Dean and we know we're going to do really good things with that as well because we've got some real tailwinds there.

So that's the core adjacency side -- take the capabilities that we have today and apply them where there are some more growth opportunities in subcategories.

On the international side historically we had been much more US focused; today I think we're about 11% or so global. We want to double the size of our international business and what we don't want to do is just go around and plant flags but build out from the infrastructure that we have today.

So we have some very strong positions in places like India where we have now taken a majority stake in that joint venture several months ago; Mexico where we've got a very strong business led by our Act II popcorn, which in the modern trade is the largest snack business and we're doing some really good things there. We've got a very strong export business. We have just developed a scale position in Canada with the acquisition of Del Monte Canada.

So we are not looking to plant flags everywhere. The place where we've got the best global footprint where you will see us probably have the most growth is actually on our Lamb Weston business. Lamb Weston is the largest potato business in North America and the second-biggest globally. And the real growth -- the real driving growth is in the developing markets.

So we have a very strong position in Asia, obviously in Japan very well developed, but in China and other places in India. And the bottom line here is that having gone around the world I've yet to find anyone who doesn't like a French fry; it's all about availability.

So if you take a look just in China, McDonald's and KFC, our two biggest customers there, they're building and opening five restaurants a day together. It's all about availability. So the per capita consumption of French fries, which we know how to do extremely well, is less than a pound in China, it's 27 in the US. It's 10 in Western Europe. So we know as the availability grows we'll be there with our core customers. So that's probably the best opportunity for us internationally.

And then finally, private label. Private label, some have scratched their head and say, how can a branded company go into private label. Well, if it's your grandfather's private label or it's the generics of the '70s in the black-and-white packages or it's the private label business that has to go to bid every six months and just wins by having the lowest price, we're not interested in that private label, that's not what we're talking about.

What we're talking about is value added private label. We know -- as you take a look at the rest of the developed markets we know private label food will continue to grow. In Western Europe, even in Canada, you see numbers in the 30% plus range for private label. In the US it's about 18%, up from about 15% about 10 years ago. It is going to continue to grow.

And for those of you that shop at Trader Joe's or Whole Foods or Costco, you can see what I mean when I say private label has gone up-market. That's the Private Label we're talking about, where we can add value from our capabilities.

We built that foundation. We now are a good operating company, we're a big consumer foods company with a lot of capabilities that already has an infrastructure, we've been in that private label business for a long time, particularly on the fruit snacks, the bars like granola bars, etc., potatoes -- we have an infrastructure already that knows how to do private label.

That is not an easy thing for a consumer packaged goods company to do, it's quite complicated. But we are leveraging that and the capabilities on things like innovation, on things like food safety in a very, very fragmented industry. So that's what we're talking about when we say private label, not what you might have in mind for private label. So, real clear road map for where we are headed.

Internally we continue to fine-tune our skills. Customer Connect is a program that has been ongoing for the past year or so. And it's basically to say we need to now become a best-in-class sales function. That includes really strengthening our pricing architecture, which has been extremely important as the volatility of commodities continue.

It's all about becoming more strategic versus tactical and looking out and planning with customers in an 18-month plus time frame. It's really about partnering on how are we going to drive your overall category business, Mr. Customer, versus parochial how are we going to drive our own Marie Callender brand.

So that's really what Customer Contact is all about. And we are already starting to see some benefit from that and we think we'll continue to get traction as we move into the next fiscal year.

So from a financial standpoint our priorities are clearly to grow the bottom-line but do it more through the top-line, not just by saving cost. We will continue to have a very strong balance sheet, very good cash flow and we are committed to being smart about how we allocate our capital and making sure we maintain a top-tier dividend.

So, you have seen us make a number of acquisitions over the last year or so since this recipe has been developed and I want to assure you that we have a very disciplined process. It has to be both strategic and financially fit. And what does that really mean? To be very blunt about it, it has to be an incremental from a top-line growth standpoint and from a bottom-line growth standpoint.

We're not looking to make acquisitions that we can just pull all the synergies out in the first 18 months and then scratch our heads, what do we do? We are looking for long-term sustainable growth.

So I could go through each of those acquisitions that we've made and tell you why they make sense in terms of us being able to leverage our capabilities, but also that we look very hard to make sure there's a bit more tailwind than what we've got in our current portfolio to make sure that we're going to get some incremental growth from it.

One good example, we made a very small acquisition just a couple of days ago, we announced it; it's called Kangaroo Brands, that is a great business. It is basically private label pita chips, but we can leverage capabilities, scale, innovation, productivity, etc., far greater than a small company who's done a great job starting it up and the product itself is actually better than the leading brand. It's a different production technology.

So if you go into -- I think the brand name is actually on the product in Whole Foods; you'll see it in private label form in a number of other places. But if you try that product and then you try the leading brand, I think you'll see there's all kinds of possibilities for us to grow that business that is in that sub segment of the snack business growing very rapidly. So that's an example of what we're talking about.

Long-term, our algorithm hasn't changed, we're looking to basically get top-line growth of about 3%, EPS of about 6% to 8% and an ROIC of about 13% to 14% and we're looking to do it on a consistent basis. And with that I think we'll move into phase 2 here, Dave.

QUESTIONS AND ANSWERS

David Driscoll - *Citigroup - Analyst*

So I'd like to start off with the just some kind of macro big picture questions to get us going and then we'll dive into some of the business segments. So, Gary, can you describe how ConAgra sees the current environment for eating at home? Can you talk a little bit about the volume trends and the drivers of the volume trends?

And then maybe just adding one final component to this, seeing as I get this question quite frankly. What do you think the record warm winter -- what kind of role did that winter play in weak grocery volumes?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Let me tackle the last one first. The weather didn't help, but I wouldn't say that was the most important piece of what's going on. Even though I'd say John and I would find some the folks who run the businesses talk about the weather a bit more than I think warranted. But the weather certainly hurt in businesses like -- we've got the predominant share of the cocoa business, that certainly had a really nasty year because the weather -- the winter was so warm.

And some of our businesses that people tend to cook more in cold weather like many of our tomato products, Chili's, etc.; those were a little bit soft. But I'd say that was a smaller piece of the bigger macro trends that basically have consumers operating their households like businesses.

And by that I mean just-in-time inventory, so people are no longer going and stocking up big and loading their pantries; they are buying when they need to buy. And that is very clear and we've got strong quantitative evidence that shows what household inventory looks like inside pantries and refrigerators and freezers. And you can see the unit volume depletion.

I am looking forward to that day when it finally gets down to a place where they have to restock, but they haven't reached bottom yet. People had a lot of in-home inventory. So we're seeing that in terms of units fall. And the other piece of managing it like a business is yield management.

Much like we do in our plants, if people were buying $100 worth of groceries before and they were using $97 and throwing the other $3 out, they're using $99.50. So they're being far more careful about what they're doing. And again, there's an end in sight for that, but it is still an environment of consumer confidence that has people holding onto their money very, very tightly and being extremely judicious how they spend it.

There will come a point where that bottoms out. The situation was not helped by the intense inflation of commodities that required all of our industry to price much more than we had for a long time. And those elasticities fighting into the headwind of the environment that I described make for a continued top environment that eventually will flatten out and we'll be able to overlap.

David Driscoll - *Citigroup - Analyst*

That's a great segue to the next question which will build on this. How do you see food volumes changing going forward especially in light of lower commodity prices? I believe on your fiscal third-quarter report you guys called out specifically that it was the most onerous inflationary environment that you had seen on the year.

Certainly spot commodity prices for many agricultural products are down considerably. So then bringing it back, how does this all affect your volume forecast going forward out some reasonable period of time?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Yes, I will start and let John jump in. From an inflation standpoint moderating but not going into deflation. So particularly on items like proteins, we're continuing to see inflation just at a lower rate. So as we go forward across the industry and for us we will see less intense inflation which is a really good thing.

I think that we will see as -- particularly as we get to overlap the big pricing that took place in what would be our first half of fiscal year, second half of calendar year '12 -- I should say '11. As we get past that and overlap, then I think we'll start to see things flatten out.

And as that household inventory finally gets depleted we may start to see some units start to climb a little bit again. But I think we're in for probably another year or so of relatively flat starting out slow, maybe still some softness and then starting to flatten out as we move six, eight months ahead. John, do you want to talk a little about the inflation?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

No, I mean you covered most of it, Gary. I think certainly the moderation in the commodities is a welcome for us. I think we'll still have inflation, to be clear about that. But I think our business can operate -- we'll be able to operate without this intense pressure on pricing. And I think the industry will see the same thing which obviously then has an impact on consumer volumes.

So I think we'll be in a -- certainly more modest inflation. And while we certainly have built great capabilities around pricing, I don't think we or the industry are going to be chasing up pricing in commodities for the next 15 months the way we have for the last 18 months.

David Driscoll - *Citigroup - Analyst*

(Inaudible) the macro environment. So we continue to see a very difficult one for the consumer. We have labor participation rates at 30-year lows in the United States, wage inflation is essentially stagnant. As such it appears pretty obvious from these macro statistics that the consumer is still under a heck of a lot of pressure and seeking value when they go to the grocery store. Gary, can you talk a little bit about how your portfolio plays to the difficulties that these consumers are facing?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

It is a difficult environment and I would say we've got a very bifurcated economy, kind of an 80-20 rule. And we also are seeing very much difference between needs and wants. So products that are basic needs like our categories like our industry as well as many other things that you have in your households on a daily basis. People are squeezing really hard there so that they can potentially have enough money to spend on the wants. That's going to continue.

We need to make certain that the consumer is getting the most for their dollar more than ever before. And our portfolio plays pretty well to that. The value portfolio that we have where we can deliver a meal -- a Banquet meal to a very stressed consumer for not much more than $1 is important. And we have a number of brands like that that we think play pretty well to that consumer.

Now they still aren't in that big stock-up mode yet, but those brands play well. What we really need to do is to continue to point out the value added functional benefits of products. I'll give you a very small example.

We've got a nice product, Hebrew National hot dogs, that's the top premium hot dog. How do we make sure that people understand there's even more value there? Well, you'll see a small change take place on that label sometime this summer that points out that happens to be gluten-free, which is a really important thing for a lot of consumers these days. We didn't have to change the product at all, it's just pointing it out.

So you're going to see us start to take the portfolio and really point out more how you're getting the most value for the dollar and making certain that when people spend that hard earned dollar, when they buy that Marie Callender pie, which is an unbelievable value versus going to the bake shop, people will give us some credit for that. So it's really the value for the dollar that I think plays well.

And on the other side of our business the biggest piece of our commercial business, Lamb Weston, the QSR business, the quick serve restaurant business is actually starting to show some signs of life. We're moving along with that and obviously the global opportunities I talked about with that are huge. So, we feel good that we've got a portfolio, particularly now with the acquisitions that we've made, that has some growth to it.

David Driscoll - *Citigroup - Analyst*

That takes me to the next question in terms of big picture sometimes Wall Street and -- I'll include myself in this -- can get caught up in too short-term of a view. If you think five years, 10 years out what do you want this Company to look right like?

At CAGNY you laid out three strategic areas, the strategic adjacencies to the core business, the international expansion in private label. But can you give us a better feel for the relative importance of these three components of it or however you would like to categorize it over that much longer time frame?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Yes, I would say that, again, if you go back to '05-'06 we were a holding company. We are now -- I would characterize us as a good -- a decent operating company. In five years I'd like us to be a top-tier operating company, that would be one.

We will be more global, it's not going to be the biggest piece of our business, but significantly bigger than it is today. And I would like to see us be the fastest-growing private label business. We'll still be predominately a branded business, but we will continue to I'll say move the portfolio towards more of these growth vectors so that when you look at us in five years we're actually in some businesses that we have confidence have more growth opportunities from a category standpoint than where we are today.

David Driscoll - *Citigroup - Analyst*

That brings us straight into the next line of questioning, talking about private label branded opportunities and then also maybe some of the threats of kind of what happens here. ConAgra already has a sizable private label business compared to its peer group in branded foods and just on an absolute basis.

Certainly in your comments already you've alluded a number of times to your expansion in private label. There was the November 11 acquisition of the National Pretzel operation and the recent acquisition of Tennessee Odom Pride, those first and breakfast sandwiches.

Can we develop just a little bit more here on why you're so focused on private label? Can you quantify your vision of what is the growth rate of private label versus say the rest of your branded portfolio and maybe that will put into explicit relief why you're so interested in that venue?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

I couldn't -- I would tell you if I knew off the top of my head. I don't know what the numbers we have in there, but I do know that the private label piece of our business is clearly accretive from a growth standpoint versus our total Company.

The thing I would say that is probably the most important thing to remember on our continued move into private label is the leveraging of these capabilities that a $13 billion consumer packaged goods company has that the other players in private label do not.

So one example, when we bought the National Pretzel company, which is by far the biggest player on the private label side of the pretzel it wasn't so that we could have a cheaper version of Rold Gold pretzels, that's a piece of the business. The real reason we bought it is because of their technology that they developed, which some of you may have had, peanut butter filled pretzels, which you can find and a number of retailers like a Trader Joe's or a Costco.

And that brand -- that piece of the business is on fire because it's true value add and it's got good margins. And when we looked at that and said, wow, not only could we expand that business with our scale sales force and our customer connections, but our R&D capabilities can do all kinds of things with that.

So if you take that and apply that same discipline across all the acquisitions that we're making in private label, that's what really gets us excited about it, not the fact that we'll be the lowest price on the shelf.

David Driscoll - *Citigroup - Analyst*

Certainly you've established that the private label rate of growth is faster than what you see in other areas of packaged foods. But can you talk a little bit about the difficulties in managing both sides of the fence? Where do you cross over here to such an extent that it's getting very tricky and/or how do you make it so that there is clear lines within the organization that allow the management of the two different businesses to be conducted appropriately?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Yes, again I'll start and I'll let John editorialize a bit. The closer you get to the customer or consumer the more separate the business is. So we actually have a separate sales force that sells the private label business. Now they are ultimately connected into our overall sales force but they are a separate unit, they do not go and sell private-label pretzels and Marie Callender dinners.

They're different sales forces because there's different people at the customers who make those decisions on private label. The further you get back into the back of the house the more the businesses are connected so that we get the advantage of the scale, of the procurement, manufacturing, etc. So that's kind of very simplistic.

It's difficult if you were going to try to start up into the private label business as a big packaged foods company, because you have to be able to produce many, many different SKUs, you have to do all of that packaging, you have to potentially make the product a little bit different for each customer.

And the real magic is how you can push as much of that differentiation down the line as possible so that you can have let's take our bar business for instance. So, we have the lion's share of that business whether it's the competing with Kellogg's fruit and grain bar or Quakers chewy bars or the Fiber One bars in General Mills, that is us in most customers.

And the key is to convince the customers that the most productive way to manage that business is to have it be the same basic product until you get all the way to the end of the line where you might put one drop of magic dust in or -- magic dust is not a good example -- magic potion and package it differently, but those are things that you learn how to do over time and I think we do it well. If we were going to start from scratch I don't think we'd jump into it. John?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

Yes, I think the other thing is I think our whole approach to private label has really transformed over the last several years. We were in the business because of some things we bought. And I think in certain categories -- and we still do today, but in certain categories we really use private label as a bit of a defense for the branded product we have.

I think as we've looked at this new strategy, while we still have some of that we're being pretty clear about our preference is to compete in categories where we do not have a brand. So it provides great clarity of mission for the people in private label in our business. They're out there trying -- they know who they're trying to kill and it's not us.

So I think while there still are some places we play defense in some of our categories, I think it's really small. And a lot about winning in private label is category dependent. And so, when we look at potential acquisitions or places we want to play, we're asking all the questions. Is this a place where we think we can play with a brand? Would we ever want to? Because, again, we are concerned about that clarity of mission when we go into private label category now and put capital behind it.

And just the other thing; I think Gary hit on this, but from a -- one of the things we're trying to do and financially what I think we do when we leverage these capabilities is fundamentally I think we're trying to help partner with our retail partners to look at categories and say, how can we expand the profit pool in this category by leveraging the capabilities we can bring in a way that then we're entitled to help share in that profit pool?

I think the Elan acquisition where we got great capabilities around a lot of these nutrition bars, and we've worked now -- you're seeing products come out with retailers that we've worked very closely with them not just in terms of the formula, but also the packaging, how to market it, how to take it to market and price it, etc.

And I think fundamentally what we're trying to do is to increase profit pools in those categories where we think that opportunity exists. That doesn't exist in every category, but certainly I think we're being pretty [choiceful] and so far so good in terms of where we've gone there.

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

And as we look at that overall private label business, as John points out, we do have some places where we have used our production capacity to kind of flank our high-margin, high market share brands like a PAM. We do a lot of the private-label cooking spray.

But as you dig deeper inside of our private label business from a metric standpoint, it really is two pieces. You see that part -- those complementary brands, those coordinated brands declining, that is a declining piece of our private-label business. In the places where we do not compete on a branded basis that's what's growing.

David Driscoll - *Citigroup - Analyst*

Okay. Moving to foodservice, this is often, I have found over the years, to be one of the best-kept secrets of ConAgra. I believe Lamb Weston is your single largest brand and I think many people don't know this. So, Lamb Weston, maybe just on the side in the year ago it had some crop-related challenges, it's recovered from this very nicely.

But you've alluded to this both at CAGNY, here today, very excited about Lamb Weston. Can you develop that a little bit? Put some thoughts around the financial metric so that people really understand why you bring it up and why they should focus on it perhaps much more than we do?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Yes, I'll start. It is a great business. It's a big scale business. It's a global business, I believe we're close to 30% outside of the US now if you count our JVs, which show up in the equity earnings line. The opportunities abroad, as I talked about in China, are huge because it's a universally liked product. And we are seen as a very strong player and brand in that foodservice world.

So if you went to foodservice operators and said what are your top five brands and they mentioned people like a Tyson or a Heinz, Lamb Weston would be in there because of the quality, the service, the innovation. So from an innovation standpoint we made a big investment several years ago in sweet potatoes which is one of those adjacencies that is growing very rapidly and showing up more and more on restaurant menus, sweet potato fries.

And one of these days we're going to crack the code on one of the big QSRs that have a very long decision process from the way they operate their businesses. But that business is doing very well.

So I believe, even though we've got some of the headwinds that you would hear about, talked about French fries in the US with people like McDonald's downsizing their kid portion, etc., even with all of that we see it as an absolute gem of a business with very strong financials, very strong customer partnerships and significant opportunities, particularly abroad, great business. John, want to add anything?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

No, I'm -- it's a great business, it's really I think the leader in the industry in terms of innovation and a number of other fronts. But I'm really excited about the international piece of it because it's a place where we play internationally now very strong, but I also see it as a great vehicle for us to build capability and infrastructure outside the US. Because the beauty of the business is we don't have to worry about whether or not the customers are going to like our product.

China, for example, with Yum and McDonald's opening five stores a day we know they need potatoes, we know they like our potatoes. So you don't have some of that commercial risk you have when you otherwise go into countries for the first time. And Asia for an example, we've supported that business with a really great export model for the last several years and it just continues to grow.

David Driscoll - *Citigroup - Analyst*

Great. Well, at this point I'd like to open it up to the audience and see what questions you all have for the ConAgra management team.

Unidentified Audience Member

I have a question on private-label. How meaningful is it to your total sales right now and what's the margin differential versus branded?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Today I think it's pretty similar, if -- is that correct, John?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

In terms of margins?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Yes.

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

Yes, I mean the margins are pretty comparable. You do have to remember in private label we don't have to invest several percentage points into A&P.

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Marketing.

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

So while we may give away a little bit at the gross margin, at op margin, it's pretty comparable. And I would say some of the newer categories we've gotten into, those are probably -- and some of them are probably accretive to our op margin.

Unidentified Audience Member

And how big is it now?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Taking into account the recent acquisitions you'd be looking at something slightly north of $1 billion within our consumer foods and there's some other stuff that's outside of that world as well.

Unidentified Audience Member

Thanks.

Unidentified Audience Member

Can you talk a little bit more about the categories that you see potential stronger growth in private label? And on the opposite side, which categories do you think that private-label will never succeed?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

I won't divulge too much of our strategic secrets, but I will tell you where we have been active, one place is snacks. So both the pita chips and the pretzels and the bars -- I shouldn't say both -- all three obviously play in that snacking world and that's a place where we see real potential growth.

A place where we don't see it would be in some of the center store, say the canning arena, beans and tomatoes and things like that. That is a place we do not see the kind of growth.

Unidentified Audience Member

Just a quick question. You purchased the Del Monte assets, can you just tell us is that the same canned fruit and vegetable business that it is in the US but it's in Canada?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

For the most part, yes. It's got some different brand names, but it's basically the tomato business, the fruit business and the fruit snack business, yes.

Unidentified Audience Member

And then, just in terms of acquisition outlook, you've been able to complete a couple of acquisitions, there's been sort of a dearth especially of any size. How do you feel about the availability of assets? Is that that volumes have been weak recently and sellers don't really like the way their P&L books and they want to wait until volumes are better? I mean, should we think about that?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

You want to tackle that?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

Yes, I think we always like to see more out there. I think the harder we work the more we find. But I do think -- I think in this environment earnings replacement issues are real and I think companies are hesitant to market assets that they might otherwise do if the rest of their portfolio isn't growing the way they'd like it to cover that earnings replacement issue.

So, I think that's real for a lot of companies right now and I think that is constricting the number of things available. But, like I said, we've been working pretty hard at it and the harder we work the more we find.

Unidentified Audience Member

And then just lastly, on the consumer side of the portfolio, what percentage of the portfolio sales would be in brands that are number one or number two in their space?

John Gehring - *ConAgra Foods, Inc. - EVP & CFO*

Roughly I'd say two-thirds. If you look at brands and then major categories where we are significant players like frozen, when you add that up -- Gary's number is right on --.

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

But I do think an important add-on to that is some of those places where it's not number one or two, it's a regional business where it is number one in its market. So if you added that in it would be a much bigger number.

Unidentified Audience Member

If I look at your multiple and where your stock is trading, if you were to repurchase stock it's not only earnings accretive, but it's cash flow accretive. Can you talk to -- a little bit about that or are you just in acquisition mode?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

No, we've -- I'll just quickly cover what we've consistently talked about in terms of capital allocation. We are committed to a strong dividend, I think we've been consistent with that. We are placing a priority on growth both in terms of internal investments around innovation and we also will invest behind things that will drive cost savings and then M&A we've talked a lot about.

But we also recognize that share repurchase needs to have a role in our capital allocation. And I think if you look back over the last several years we've got a pretty good track record of allocating a fairly substantial amount of capital to share repurchase. And I think that's always something we're going to continue to have a balance about.

So you can't look at a quarter to quarter. So there are some quarters where, because of a number of factors, the share repurchase might be a little lighter. But it's a part of our capital allocation as we go forward.

Unidentified Audience Member

All right. And just two really quick ones. Gary, did the whole Ralcorp drama affect the way you and the Board think about doing deals?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

Well, we would have liked to have gotten it done clearly, but I think the same basic mindset holds. I think the strategy stays consistent and obviously we were disappointed we couldn't make that happen. We believed we had a really good offer on the table. But I'd say it in no way, shape or form deterred us from continuing to plow forward with our current strategy, irregardless of size.

Unidentified Audience Member

And lastly, if I look at where the analysts have their earnings, when you think about accretion from the deals which have been estimated -- Wall Street is not assuming any base business growth from you last -- next year. Is that the way you're thinking about it?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

I think the best thing to do -- we're going to give our comments about fiscal '13 in about a month when we do our Q4 release. And we'll offer you some directional thoughts on what's coming from base or things we've bought and that type of thing. So we haven't commented on any specific EPS around acquisitions at this point.

Unidentified Audience Member

All right, but would David have zero growth, is that what you're modeling, zero based business growth for ConAgra for next year?

Chris Klinefelter - *ConAgra Foods, Inc. - VP of IR*

You want me to answer the question?

Unidentified Audience Member

Why not?

Chris Klinefelter - *ConAgra Foods, Inc. - VP of IR*

So I would tell you that the way we're looking at the entire sector, ConAgra included, would just be -- it kind of started off with my question about eating at home and food volumes. What's the food volume trajectory? What does that actually do? When you see degradation in food volumes like we have seen for months, quarters -- then it calls into question exactly how the forward projections are.

What we have in here really is the expectation that we will see the resumption of growth. We do expect that margins will improve although slowly. So it is in there, the accretive nature of the acquisitions. You're making assumptions on a bunch of metrics and margins that are not actually publicly available on it.

I would agree with you that their acquisition, revenue size and so forth, margins and EBIT is specific. Some of these things for me, Jeff, they're small, these are small businesses. And in fact, they're taking a penny here -- your EPS up $0.01 because of a $20 million revenue a year pita chip business, I think there's a lot of other factors that are going to go into play here.

So I hear your points, I agree with your points directionally that the acquisitions are accretive. But then taking into account the broader context of the environment I think is somewhat challenging. Would you guys add anything to that?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

No, I think that's a pretty fair assessment. And as Chris said, 30 days from now or so we'll provide a little more insight in terms of how we look at the year.

David Driscoll - *Citigroup - Analyst*

Great, well we're at the end of our -- do we have one more?

Unidentified Audience Member

You mentioned your balance sheet strength a couple of times and you did a great job strengthening (inaudible) couple of years now. Had the Ralcorp acquisition gone through it would have deteriorated that significantly I believe. So the question is what do you think is your optimal capital structure in the context?

Gary Rodkin - *ConAgra Foods, Inc. - CEO*

I don't know that I would sit here and quote specific stats or whatever. Clearly I guess the one thing I would say is we've said all along that we're committed to an investment-grade balance sheet. If where we are in that investment-grade would fluctuate based upon the opportunities we see, but we've said throughout whatever choices we make from an M&A or other investment standpoint we want to remain investment-grade. And again, that could vary based up on the things available to us.

David Driscoll - *Citigroup - Analyst*

Well, everyone, please join me in thanking ConAgra for presenting today.
