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## ConAgra Foods, Inc. F4Q09 (Qtr End 05/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of David Palmer - UBS Securities

#### David Palmer - UBS Securities

Question about fiscal 2010 and what do you think the biggest variables as you think about how that year will play out, the three things that I'm thinking about are the competitive behavior in frozen, the repeat levels of your new Healthy Choice line in that segment, and then lastly the demand in the food service area, in other words restaurant demand. Those are three things that I would think of that would be pretty big variables but perhaps you could address that and if there's anything else that would be higher on the list that would be great to hear about.

#### Gary Rodkin

First I would tell you one thing you didn't mention is the overlap that we have with ConAgra Mills, that's taken into account in our forecast, but we certainly don't expect to repeat the performance in that segment. As it pertains to frozen competitiveness, we believe we're in a very good position. We're not looking there to compete primarily on price. We believe we've got our merchandising programs where they need to be from a customer/consumer standpoint.

We haven't gone crazy. We've stayed fiscally responsible. We're looking to fight that battle through strong innovation, continued strong innovation, and strong marketing. So we feel good there. As it pertains to the Healthy Choice repeat levels, at this point everything looks very, very good on our new products and we believe that will continue to be the case.

All the feedback is extremely strong. I do think and your last element on food service, yes certainly there are some macro issues in the environment to deal with in the restaurant trade but we believe we're in a very good position particularly with Lamb Weston to fight through that as well as anybody.

The strength of that business obviously is french fries; 85% of the french fries are sold through QSRs, quick serve restaurants, and that's probably the most stable piece of the food service environment. And we obviously took all of that into consideration in building the plan.

However the probably, one really important piece that we did not talk about is the fact that we've got very strong productivity programs, cost save programs, that will clearly be bigger than inflation this year. Inflation is moderating. Our cost savings programs are still strong and that gap will help us from a margin standpoint.

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