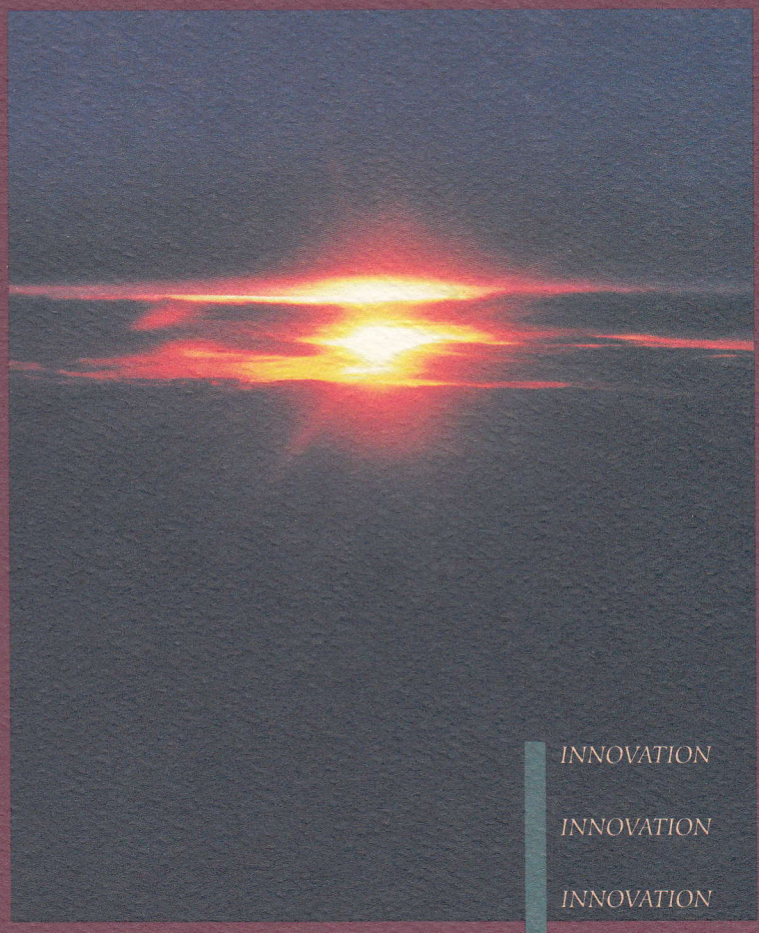
ConAgra, Inc.
Fiscal 1990 Annual Report



INNOVATION

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ConAgra, Inc.

ConAgra is a diversified family of companies operating across the food chain. Our products range from supplies farmers need to grow their crops to convenient prepared foods for today's busy consumers.

ConAgra companies are Basic Food Companies and Finance Companies. The Basic Food Companies, which include most ConAgra companies, operate in three industry segments across the food chain: Agri-Products, Trading & Processing and Prepared Foods. We have major businesses in crop protection chemicals, fertilizer, specialty retailing, animal feed, grain and pulse merchandising, worldwide trading, grain processing, beef, pork, lamb, chicken, turkey, seafood, processed meats, dairy products, potato products and a broad array of consumer frozen foods. The Finance Companies include commodity futures brokerage services, cattle feeding financial services, transportation financing and insurance services.



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Stock Split

Throughout this report, all references to number of common shares and amounts per share reflect a Dec. 1, 1989 3-for-2 stock split.

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Financial Highlights

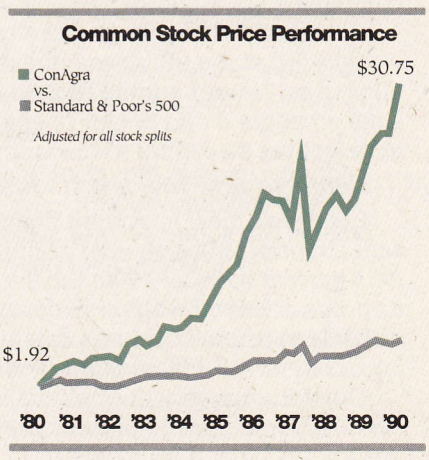
Dollars in thousands except per share amounts

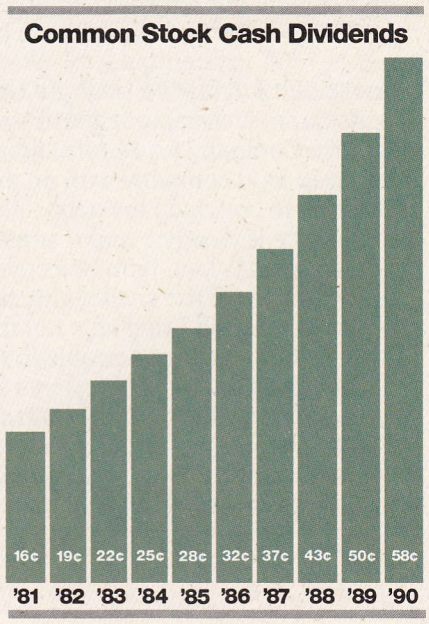
Fiscal Year Ended	May 27, 1990	May 28, 1989	% Increase
Net sales	$15,501,228	$11,340,414	36.7%
Income before income taxes	$356,913	$312,163	14.3%
Net income	$231,710	$197,878	17.1%
Net income per share	$1.87	$1.63	14.7%
Cash dividends paid per share of common stock	$.58	$.50	16.3%
Return on year-beginning common stockholders' equity	24.3%	24.5%	
At Year End			
Annual dividend per share	$.60	$.51	16.9%
Working capital	$380,270	$508,878	(25.3%)
Total assets	$4,804,161	$4,278,223	12.3%
Long-term debt (noncurrent)	$635,443	$560,114	13.4%
Common stockholders' equity	$1,095,785	$949,540	15.4%
Shares of common stock outstanding	122,729,283	120,610,503	1.8%
Number of employees	58,369	55,202	5.7%

Note: Fiscal 1990 results include a first quarter pretax gain of $6 million from nonrecurring items. The net gain after tax was $2,143,000, or 2 cents per share. See note 17 on page 60.

Fiscal 1990 Highlights

- Met or exceeded financial objectives for 15th straight year – see pages 4 and 5.
- Reported record sales and earnings for 10th straight year.
- Increased dividend 17% and split common stock 3-for-2.
- Took Healthy Choice into national distribution and achieved sales of about $190 million in the product's first year.
- Opened new, state-of-the-art consumer product development laboratories and pilot plant.
- Increased our international presence and balance by forming joint ventures in Australia, Canada, Chile, France, Japan and Thailand, and strengthening business ties to the Soviet Union and Eastern Europe.
- Strengthened our red meat presence by acquiring the remaining 50 percent of SIPCO.
- Early in fiscal 1991, announced agreement to acquire Beatrice Company, a major food company with leading brands, strong sales and distribution systems and sales over $4 billion.
- Ranked 12th among the *Fortune 500* companies in 10-year average annual return to investors at 35%.





To Our Stockholders, Employees and Friends:

One Good Year

In many respects fiscal 1990 was a typical ConAgra year – intensely competitive, always challenging, sometimes frustrating and ultimately successful. The results confirmed that our people got the job done, and I believe they once again had some fun along the way.

Summing up the year:

- Earnings per share increased 15 percent, reflecting the strength of ConAgra's balance across the food chain.
- Fiscal 1990 was ConAgra's 10th straight year of record sales and earnings.
- Our stockholders enjoyed a 17-percent dividend increase, a three-for-two stock split and a 35-percent increase in ConAgra's stock price.
- ConAgra again ranked among the top four percent of all *Fortune 500* companies in ten-year average annual return to investors – as our company has for the last six years.

Of course, one good year barely begins to tell our company's story. You and we are more interested in ConAgra's long-term performance.

15 Good Years

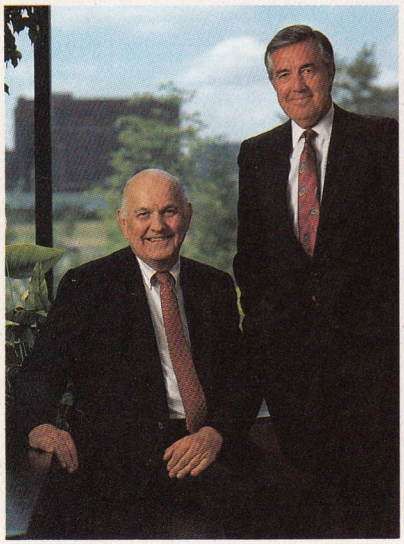
In the mid-1970s, we established premium long-term financial objectives. They continue to serve as the gold standard motivating our management teams and defining full-fledged membership in ConAgra's family of independent operating companies.

Our financial objectives are clearly internal management objectives. However, we decided at the outset to publish our objectives – and our results against those objectives – in our annual report. Again this year, you'll find our objectives and results on pages 4 and 5. Our people are proud to share publicly their commitment to objectives so central to rewarding ConAgra's stockholders.

ConAgra now has met its financial objectives for 15 straight years.

ConAgra's most important financial objective is to average more than a 20-percent after-tax return on year-beginning common stockholders' equity. Our return was 24.3 percent in fiscal 1990; the five-year average is 23.5 percent. Importantly, this return was achieved without major stock repurchases. We believe management's job is not only to run the business day-to-day, but also to create investment opportunities for ConAgra's cash flow that will enhance our ability to meet our financial objectives.

Our earnings growth objective is to increase trend line earnings per share, on average, more than 14 percent per year. ConAgra's trend line earnings per share growth has been running about 17 percent as shown on pages 4 and 5 of this report where our return on equity, earnings growth, dividend growth and balance sheet objectives and results have been shared with you year after year.



Left to right:
Mike Harper,
Chairman and Chief Executive Officer, and
Phil Fletcher,
President and Chief Operating Officer.

Beatrice: A Major Strategic Opportunity

As our new fiscal year 1991 began, we announced an agreement to acquire Beatrice Company for $1.34 billion in cash and stock. Beatrice is a successful,well-managed food company with an array of leading consumer products and brands. We hope to conclude the acquisition around the time you're reading this report.

Beatrice is clearly a major strategic opportunity for ConAgra. One of ConAgra's most important long-term objectives has been to establish a strong sales and distribution system to the shelf-stable section of the grocery store. Beatrice will fulfill that objective and bring us a number of fine businesses as well. We look forward to welcoming Beatrice's people to the ConAgra family.

ConAgra's financial objectives include the discipline of a conservative balance sheet. We have kept our capitalization ratio – long-term debt as a percent of capitalization – at or below 35 percent for many years. We have indicated publicly we would go above this self-imposed constraint only for a major strategic acquisition that served our stockholders' long-term interests. Beatrice is such an acquisition.

We believe the temporarily higher debt level is prudent and manageable. Beatrice is a good cash generator, and ConAgra's strategic plans indicate substantial uncommitted financial capacity over the next three years. We fully intend to return to a 35-percent capitalization ratio as soon as practical.

1991 Outlook: Record Earnings

We presently expect another year of record reported earnings in fiscal 1991. Most of our businesses are in good shape with good momentum. In fact, it's likely that all three of our basic food industry segments – Agri-Products, Trading & Processing, and Prepared Foods – will again achieve earnings growth.

We see Beatrice as non-dilutive to the earnings per share level in our pre-Beatrice fiscal 1991 plan. Furthermore, we presently expect to exceed a 20-percent return on common equity in fiscal 1991, including Beatrice's earnings and the appropriate pro rata share of common equity for the acquisition.

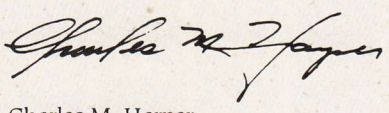
Innovation and Growth

Innovation has been a vital source of ConAgra's success, as illustrated throughout this report. Our company's future growth will continue to rely on innovation – more precisely, ConAgra's innovative people. I'll offer some examples:

- We must continue to develop creative *new products*. Case in point: we intend to build on Healthy Choice's enormous initial success to extend ConAgra's leadership in great-tasting healthy foods. Our new state-of-the-art consumer product development laboratories and pilot plant will enhance this and other new product efforts.
- *Technology* – we are pursuing a number of proprietary technology opportunities which should bolster future earnings growth. And we plan to leverage our existing vast technology base. For example, our strengths across the food chain make ConAgra the best-positioned U.S. company to help feed people better in the Soviet Union and Eastern Europe.
- We have identified numerous opportunities to *improve profit margins*, notably by adding more value to our products and services. Our opportunities to add value are evident across ConAgra's food chain base, and we anticipate marked net margin improvement for our total company over the coming years.
- Above all, we believe we have been and must continue to be innovative and flexible in our *people systems*, the people-related structures and methods which motivate, recognize and reward our people. A prominent food industry securities analyst artfully described ConAgra as a "meritocracy" – on the mark in light of our emphasis on results-oriented leadership and fostering individual responsibility and growth.

Thank You!

We typically close this letter with a litany of thanks for good reason. We indeed are grateful to our stockholders, customers, suppliers and communities for your support. And I'm confident our stockholders and stakeholders will join me in saying "thank you!" to our employees for their contributions and innovation.



Charles M. Harper
Chairman and Chief Executive Officer

July 12, 1990



Office of the President, clockwise from upper left:

Floyd McKinnerney,
President and Chief Operating Officer, ConAgra Agri-Products Companies.
Dick Monfort,
President and Chief Operating Officer, ConAgra Red Meat Companies.
Jim Tindall,
President and Chief Operating Officer, ConAgra Prepared Food Companies.
George Haefner,
President and Chief Operating Officer, ConAgra Poultry Company.
Truck Morrison,
President and Chief Operating Officer, ConAgra International, and Chief Operating Officer, ConAgra Grain Processing Companies.

Objectives & Results

ConAgra is committed to major financial performance objectives which guide us in fulfilling our responsibility to our stockholders.

RETURN ON COMMON EQUITY

Objective

ConAgra's most important objective is to average more than a 20-percent after-tax return on year-beginning common stockholders' equity, and to earn more than a 15-percent return in any given year.

Result

'86	23.8%
'87	23.4%
'88	21.5%
'89	24.5%
'90	24.3%

5-Year Average: **23.5%**

EARNINGS GROWTH

Objective

ConAgra's objective is to increase trend line earnings per share, on average, more than 14 percent per year from the fiscal 1973 base – the record year prior to restructuring the company.

The cyclical nature of some of our basic food businesses does not always permit quarter-to-quarter, or sometimes year-to-year, increases in reported earnings. However, ConAgra expects to increase trend line earnings – what ConAgra would earn with average or normal industry conditions – more than 14 percent per year.

In the table below, the "14% trend line objective" represents a compound annual growth rate of 14 percent from fiscal 1973. The "result" percentages show actual compound annual growth rates from fiscal 1973, for example 17 percent for the 17 years to fiscal 1990.

Result



Result**:				
18%	17%	17%	17%	17%

*Fiscal 1986 earnings per share as actually reported were $1.02. Fiscal 1986 earnings were restated in fiscal 1987 to reflect two fiscal 1987 mergers accounted for on a pooling-of-interests basis.

**Compound annual growth rate from fiscal 1973.

FINANCING

Objective

ConAgra's primary financing objective is to maintain a conservative balance sheet. Our long-term and short-term debt objectives have historically applied to what we now call the Basic Food Companies, and we continue that convention in this report.

Long-Term Debt – Normally will not exceed 35 percent of total capitalization.

Short-Term Debt – Each ConAgra Basic Food business will normally eliminate at the end of its natural fiscal year short-term debt, net of cash, used to finance assets other than hedged commodity inventories. As is customary in their industry, the Finance Companies will have short-term debt at year end to finance notes receivable, livestock on feed and open customer transactions.

Natural year end occurs when inventories and receivables are at their annual low points – for example, the end of February in our agricultural chemicals and fertilizer businesses, and the end of May in many other businesses.

Result

	Long-Term Debt	*Short-Term Debt*
'86	31%	0
'87	34%	0
'88	35%	0
'89	35%	0
'90	35%	0

DIVIDEND GROWTH

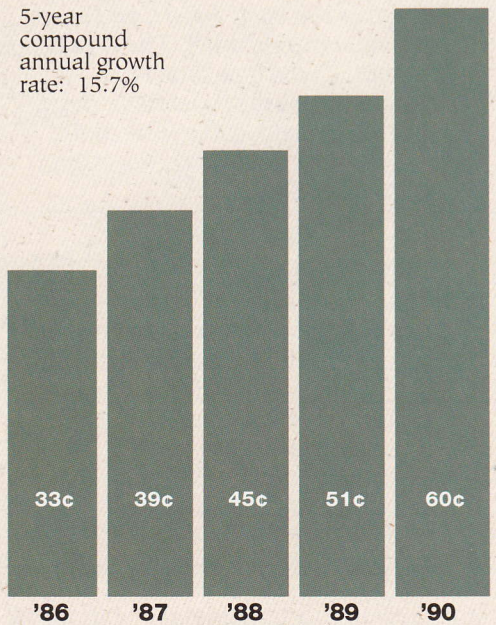
Objective

ConAgra's objective is to increase dividends consistent with growth in basic trend line earning power.

Over a period of time, we expect dividend payments to average in the range of 30 to 35 percent of earnings.

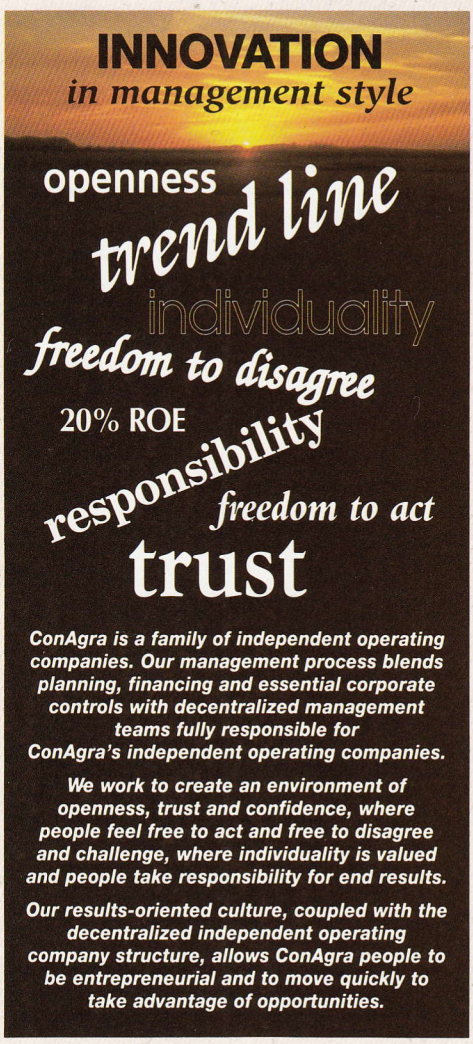
Result

Dividend Rate at Year End



Over the last five years, dividends per share have averaged 31.3 percent of earnings per share (as actually reported).

Business Review



ConAgra independent operating companies are Basic Food Companies and Finance Companies. The Basic Food Companies, which include most ConAgra businesses, operate in three industry segments of the food chain: Agri-Products, Trading & Processing and Prepared Foods.

Basic Food Companies: AGRI-PRODUCTS

Products and services primarily for agricultural markets and communities. Our Agri-Products businesses include:

- Marketing and distribution of crop protection chemicals in the U.S. and Canada.
- Marketing, transportation and distribution of fertilizer products worldwide.
- Animal feeds and nutrient additives for animal feeds.
- Health care products for livestock.
- 91 retail stores selling merchandise for country living.
- 89 fabric and craft stores located primarily in U.S. agricultural areas.

Basic Food Companies: TRADING & PROCESSING

Commodities, food ingredients, processed products and services primarily serving food industry customers in domestic and international markets. Our Trading & Processing businesses include:

- Flour milling –flour for commercial bakeries and pasta producers.
- Oat milling, dry corn milling and barley processing.
- Feed ingredient merchandising.
- Worldwide commodity trading (grains, oilseeds, edible beans and peas, fishmeal, sulfur and other commodities).
- Food processing and distribution in Australia, Europe, the Far East and Latin America.

Basic Food Companies: PREPARED FOODS

Prepared food products and services for consumer and foodservice markets. Our Prepared Foods businesses include:

- Branded frozen foods – dinners, entrees, fried chicken, boneless chicken, meat pies and desserts.
- Beef, pork and lamb products.
- Chicken and turkey products.
- Branded processed meats – hot dogs, ham, bacon, lunch meats and sausage.
- Seafood – shrimp, cod, crab, salmon, herring, pollack, halibut, cod, farm-raised catfish and surimi.
- French fries and other frozen potato products.
- Dairy and food oil products, spices and flavor bases.
- Preserves, jellies, peanut butter and syrups.
- Delicatessen products.
- Premium food products marketed by direct mail.
- Pet accessories, home sewing accessories.

Finance Companies

Specialized, self-financed financial services related to the food industry. Borrowings of our ongoing Finance Companies are not guaranteed by the parent company. Our Finance Companies include:

- Commodity futures brokerage.
- Financing and ownership of livestock on feed.
- Truck financing and leasing and insurance services for red meat businesses.

Sales & Operating Profit by Segment

Dollars in thousands

Fiscal Year	**1990**	1989	1988	1987	1986
Basic Food Companies[1]					
Agri-Products					
Sales	**$ 2,330,206**	$2,242,694	$1,962,561	$1,678,248	$1,430,435
Percent of total	**15.0%**	19.8%	20.4%	18.4%	18.1%
Operating profit	**87,177**	82,129	55,894	54,869	55,170
Percent of total	**15.9%**	17.5%	16.3%	14.7%	17.6%
		18% of sales and 16% of operating profit over these five years			
Trading & Processing					
Sales	**1,959,217**	1,869,008	1,379,894	1,469,145	1,222,047
Percent of total	**12.6%**	16.5%	14.4%	16.1%	15.4%
Operating profit	**97,502**	83,397	72,653	53,391	14,293
Percent of total	**17.7%**	17.8%	21.2%	14.3%	4.6%
		15% of sales and 16% of operating profit over these five years			
Prepared Foods					
Sales	**11,031,683**	7,084,898	6,132,496	5,854,160	5,183,195
Percent of total	**71.2%**	62.5%	63.8%	64.0%	65.4%
Operating profit	**349,239**	293,102	205,004	259,433	240,970
Percent of total	**63.5%**	62.6%	59.7%	69.5%	76.9%
		66% of sales and 66% of operating profit over these five years			
Total-Basic Food Companies					
Sales	**15,321,106**	11,196,600	9,474,951	9,001,553	7,835,677
Percent of total	**98.8%**	98.7%	98.6%	98.4%	98.9%
Operating profit	**533,918**	458,628	333,551	367,693	310,433
Percent of total	**97.1%**	97.9%	97.1%	98.6%	99.1%
		99% of sales and 98% of operating profit over these five years			
Finance Companies[1]					
Sales	**180,122**	143,814	133,293	141,966	84,011
Percent of total	**1.2%**	1.3%	1.4%	1.6%	1.1%
Operating profit	**15,897**	9,637	9,791	5,376	2,892
Percent of total	**2.9%**	2.1%	2.9%	1.4%	.9%
		1% of sales and 2% of operating profit over these five years			
Total					
Sales	**15,501,228**	11,340,414	9,608,244	9,143,519	7,919,688
Operating profit[2]	**549,815**	468,265	343,342	373,069	313,325
Interest expense - Basic Food Cos.	**146,160**	113,189	67,396	52,808	48,855
General corporate expense	**46,742**	42,913	31,598	46,276	28,242
Income before income taxes	**$ 356,913**	$ 312,163	$ 244,348	$ 273,985	$ 236,228

[1]Segment data was previously restated as follows: fiscal year 1986 was restated in fiscal 1987 to reflect pooling of interests for the fiscal 1987 mergers of Monfort and Miller. Fiscal years 1986 through 1988 were restated in fiscal 1989 to fully consolidate the Finance Companies' results in ConAgra's total results, and to present the Finance Companies separately in segment reporting. Prior to fiscal 1989, no Finance Companies' revenues were included in ConAgra's reported sales, and ConAgra's equity in earnings of the Finance Companies was allocated to operating profit of the Basic Food Companies' industry segments. Stockholders interested in pre-restatement numbers for the total company are referred to the 11-year table on page 32.

[2]Operating profit is profit after the Finance Companies' interest expense and short-term interest expense incurred to finance hedged inventories, and before other interest expense, unallocated expense and income taxes.

Basic Food Companies: Agri-Products

Highlights
In thousands

	1990	1989
Sales	$2,330,206	$2,242,694
Operating profit	87,177	82,129
Invested capital at year beginning	97,513	99,030

Operating profit in our Agri-Products segment increased six percent. The crop protection chemical distribution business, the largest business in the Agri-Products segment, enjoyed another successful year. Sales and earnings hit record levels. Earnings in the fertilizer business were down significantly after weather-delayed markets and reduced application rates resulted in high-cost inventory carryover and weak selling prices. Our specialty retailing business increased sales and achieved a substantial earnings gain. Operating earnings increased slightly in the feed business, but earnings were below last year's level in our feed additive business. Our plans indicate a good gain in Agri-Products segment earnings in fiscal 1991.



ConAgra Fertilizer Company sales representative Harlan Lieber (right) and his customer Dennis Kirkholm, an owner of Fleetwood Farms in Dakota City, Nebraska. Photo taken in a Fleetwood Farms cornfield.

Crop Protection Chemicals

United Agri Products (UAP) is the leading distributor of crop protection chemicals to North American markets, serving customers in most major agricultural areas in the U.S. and Canada. UAP distributes a broad line of pesticides manufactured by major chemical companies, and formulates and distributes its own products under the Clean Crop label. Annual sales exceed $1.2 billion.

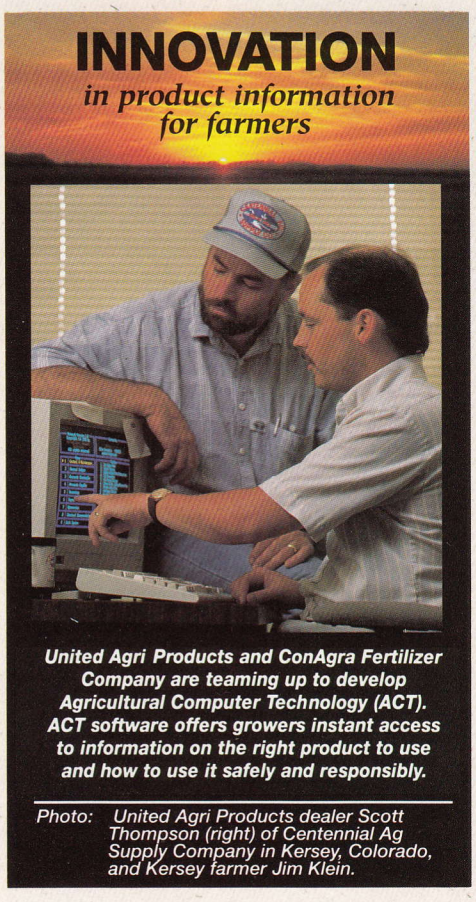
Three UAP companies – Hess & Clark Company, Omaha Vaccine and Wholesale Veterinary Supply – are national marketers of animal health care products.

Industrywide sales of crop protection chemicals in the U.S. and Canada were flat during our fiscal 1990, yet UAP achieved another year of record results – the seventh in a row. Both sales and earnings were up significantly. Margins improved again in fiscal 1990 as UAP continued to emphasize product mix management. Geographic balance and strong emphasis on customer service contributed to increases in unit volumes and profitability.

During fiscal 1990, UAP increased services provided to farmers by adding seeds to their product line. Initial response to the seed business was good, and UAP expects to significantly increase seed sales in fiscal 1991.

A major thrust of UAP's marketing program during the year was the creation of an extensive environmental education package for dealers and farmers. The "Environmental Excellence" program includes radio, print and video components on such topics as groundwater protection, safety and judicious use of crop protection chemicals.

Fiscal 1991 will be a challenging year for UAP. Extraordinarily wet conditions during the spring planting season in many regions significantly delayed plantings of corn and soybean acres. In spite of the difficult environment, we expect fiscal 1991 to be another good year for UAP. We are confident that the entrepreneurial UAP management team will continue to find innovative ways to build their business.



United Agri Products and ConAgra Fertilizer Company are teaming up to develop Agricultural Computer Technology (ACT). ACT software offers growers instant access to information on the right product to use and how to use it safely and responsibly.

Photo: United Agri Products dealer Scott Thompson (right) of Centennial Ag Supply Company in Kersey, Colorado, and Kersey farmer Jim Klein.

Fertilizer

ConAgra Fertilizer Company is a leader in the worldwide marketing of fertilizer products. Products are distributed in the United States via a system of strategically located company-owned and leased warehouses to provide efficient service to retail and wholesale customers. Annual fertilizer volume is nearly five million tons.

During fiscal 1990, ConAgra Fertilizer continued its focus on diversification efforts. Blue Ribbon Energy, formed during fiscal 1989, markets propane, natural gas liquids and other energy-related products throughout the U.S., taking advantage of ConAgra's extensive distribution network in U.S. growing regions. Two new business groups were formed in fiscal 1990. Basic Resources markets, distributes and transports a variety of specialty products. Transquip Resources procures, markets and distributes equipment and transportation services to agricultural and industrial markets throughout the U.S.

Fiscal 1990 was a disappointing year for ConAgra Fertilizer Company. Earnings declined substantially because of conditions in the domestic business. A weather-delayed market coupled with reduced application rates led to inventory carryover and depressed margins. Blue Ribbon Energy, however, had an outstanding year in its first full year of operation. Internationally, ConAgra Fertilizer had a record year, helped by supply opportunities in Eastern Europe

CLEAN CROP®

Blue Ribbon Energy™

UAP

OMAHA VACCINE COMPANY

AgriBasics® Fertilizer

Cropmate® FERTILIZER



ConAgra Agri-Products Companies distribute their products in virtually all U.S. growing regions. By using this existing distribution network, we can respond to new opportunities to meet growers' needs. ConAgra Fertilizer's new energy company is a good example: propane is widely used in rural America, and this business is largely counter-seasonal to the fertilizer business.

and continued heavy demand in China. Margins increased substantially in the international business, and distribution of products through the Hong Kong bagging operation was maximized.

Fiscal 1990 marked the successful completion of the first year of ConAgra Fertilizer's long-term agreement to distribute and market Esso nitrogen products in the U.S. We expect this strategic partnership to pay off as industry consolidation continues at all levels and more producers look for assistance in marketing their products.

Fiscal 1991 will be another challenging year for ConAgra Fertilizer, but we expect good increases in volumes and earnings. The fiscal 1991 fertilizer season has already been plagued with severe weather problems, but the expected strong commodity prices and low reserves should boost crop production. In fiscal 1991, ConAgra Fertilizer will place a high priority on developing synergies involving natural gas, and a new marketing effort will target customers in Latin America. ConAgra Fertilizer also expects to achieve productivity increases throughout their business.

ConAgra Fertilizer Company continues to tell the story of fertilizers' contribution to the quality of life through increased quantity and quality of food and fiber products. Emphasis continues to be placed on stewardship of the land and water resources.

Specialty Retailing

ConAgra Retail Companies include 180 full-line country stores and fabric and craft stores, located principally in agricultural communities.

Country General Stores carry merchandise targeted for country living, including clothing, boots and other footwear, housewares, lawn and garden supplies, farm and ranch supplies, hardware, animal care products and sporting goods.

There are 91 stores in eight central states and California operating under the names Country General, Wheelers, S&S, Sandvig's and Peavey Ranch and Home. Three new stores opened during fiscal 1990, and three stores closed. Two new stores will open in fiscal 1991, and two existing stores will be expanded.

During fiscal 1990, Country General made progress in developing their new "big store" concept. The prototype store, in Greeley, Colorado, is designed to serve a broader customer base than the typical smaller Country General stores. Departments are set up like mini-stores

Country General

NORTHWEST Fabrics & Crafts

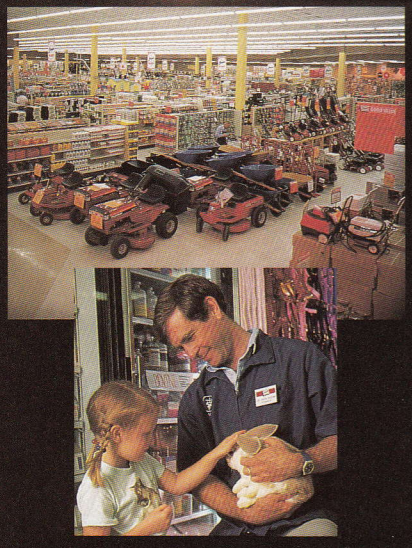
(a garden shop, a hardware store, etc.), and customer service is enhanced by innovative store design and events.

Fiscal 1990 results were led by Country General's California Division, which had an excellent year with sales and earnings well ahead of plan.Overall, Country General increased sales and earnings in fiscal 1990 and expects continued growth in fiscal 1991.

Northwest Fabrics & Crafts stores are complete fabric and craft stores, with home sewing as the predominant department. There are 89 stores in 16 northern-tier states from Washington to New York. Three new stores were opened during fiscal 1990, and 42 stores were remodeled to improve merchandise presentation and flow. Thirteen new stores are scheduled to open in fiscal 1991.

Fiscal 1990 was a weak earnings year for the fabric industry, and new competition challenged the craft industry. In this environment, Northwest Fabrics & Crafts had an excellent year, with a good sales increase and earnings well over plan and the previous year. We expect increased sales and earnings again in fiscal 1991.

INNOVATION
in country lifestyle retailing



The Country General "big store," more than four times bigger than the typical Country General store, offers customers an enormous array of products and services for outdoor and country lifestyles. A full-time staff veterinarian is only one example of many innovations in the "big store."

Large photo: The Country General "big store" in Greeley, Colorado.

Inset: Country General in-store veterinarian Chuck Ruston and his young customer Gail Gresham.

Overall, ConAgra Retail Companies had a good year, with results above plan, sales up moderately and earnings substantially ahead of fiscal 1989. We expect sales and earnings to increase again in fiscal 1991.

Feed and Feed Additives

ConAgra Feed Company produces and markets formula feeds for customers in the southeastern United States. Principal brands are Formax and Ponderosa.

ConAgra Feed's highest-volume product line is commercial dairy feed. Ongoing consolidation of dairies and increased competition for fewer customers posed challenges, but ConAgra Feed managed well in their changing environment. Cost-cutting efforts and aggressive marketing paid off, and the company registered modest gains in volumes and operating earnings.

ConAgra Feed Company is creating new feed markets by developing new lines of business. During fiscal 1990, ConAgra Feed began contracting with farmers to grow feeder pigs to market size and began operating two experimental dairy farms. These businesses represent new growth opportunities for ConAgra Feed and will be expanded during the next year. ConAgra Feed Company expects a good earnings increase in fiscal 1991.

NutriBasics Company formulates, manufactures, distributes and markets nutrient additives for animal feeds. NutriBasics achieved record sales and unit volumes in fiscal 1990. However, tough price competition in the feed additive industry hurt NutriBasics' margins, and operating profit was well below last year's record level.

DuCon, NutriBasics' joint venture with Du Pont Company, is a leading producer of choline chloride, a B-complex vitamin added to animal feed. DuCon also sells additives to the food and pharmaceutical industries. DuCon had another good year, ahead of profit plans.

In fiscal 1991, NutriBasics expects increased sales and a return to higher profitability. The company is successfully positioning itself as an aggressive marketer of higher-margin specialty products as well as a reliable feed additive blender.

NutriBasics Company

Ponderosa

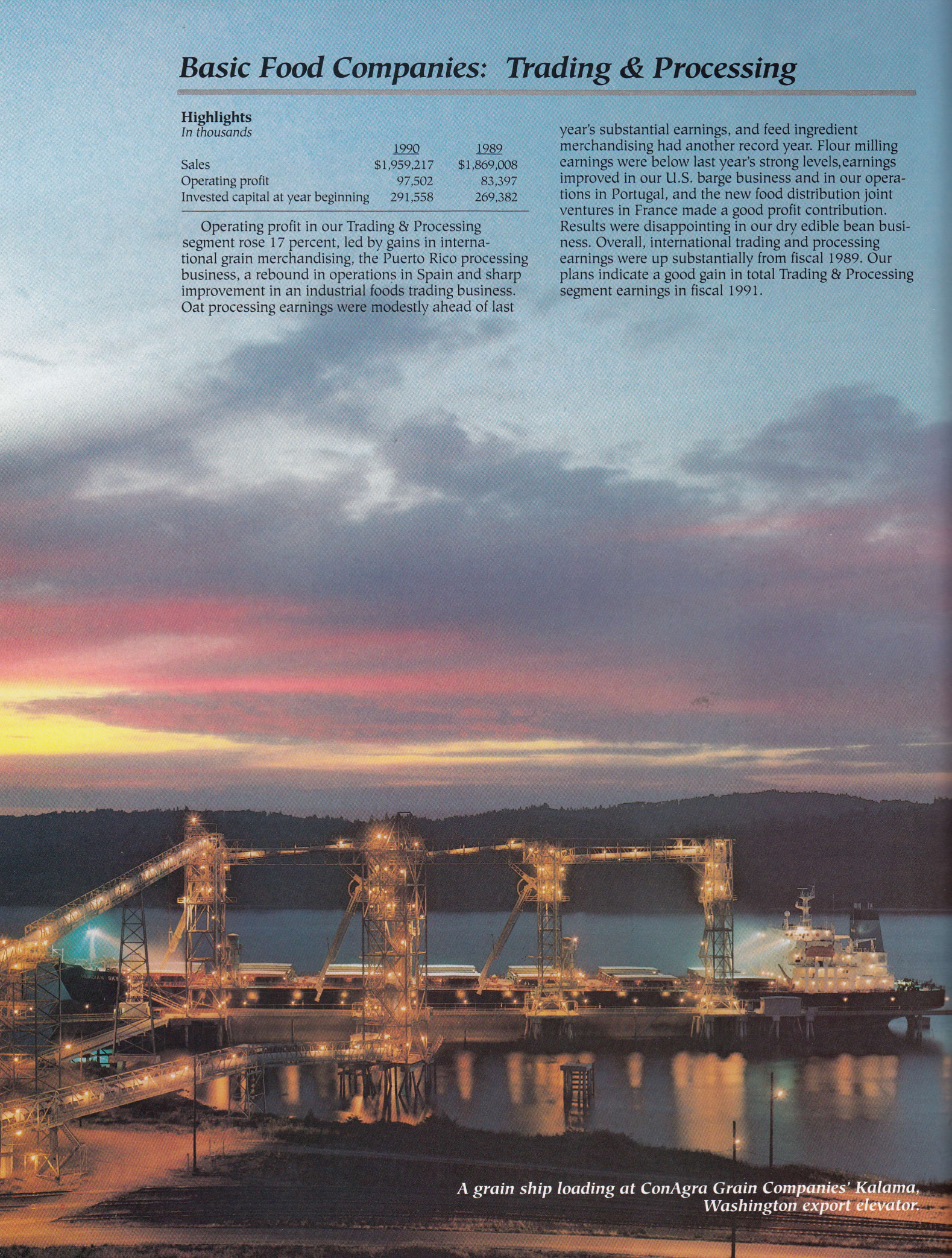
Formax

Basic Food Companies: Trading & Processing

Highlights
In thousands

	1990	1989
Sales	$1,959,217	$1,869,008
Operating profit	97,502	83,397
Invested capital at year beginning	291,558	269,382

Operating profit in our Trading & Processing segment rose 17 percent, led by gains in international grain merchandising, the Puerto Rico processing business, a rebound in operations in Spain and sharp improvement in an industrial foods trading business. Oat processing earnings were modestly ahead of last year's substantial earnings, and feed ingredient merchandising had another record year. Flour milling earnings were below last year's strong levels, earnings improved in our U.S. barge business and in our operations in Portugal, and the new food distribution joint ventures in France made a good profit contribution. Results were disappointing in our dry edible bean business. Overall, international trading and processing earnings were up substantially from fiscal 1989. Our plans indicate a good gain in total Trading & Processing segment earnings in fiscal 1991.



A grain ship loading at ConAgra Grain Companies' Kalama, Washington export elevator.

International

ConAgra International trades agricultural commodities and foodstuffs worldwide and operates food processing and distribution businesses offshore.

ConAgra International has trading offices in 26 nations, extensive merchandising facilities and transportation assets in the United States, and processing facilities in the U.S., Australia, Canada, Europe, the Far East and Latin America. Annual invoiced sales of ConAgra International are about $8.5 billion, versus reported sales of about $1.2 billion. This is because, in many trading transactions, only gross margins, not invoiced sales, are included in reported sales.

ConAgra Trading Companies was formed during fiscal 1990 to bring our trading businesses closer together. ConAgra Trading Companies includes ConAgra Grain Companies, Berger and Company, Camerican International, Petrosul International and Woodward & Dickerson.

ConAgra Grain Companies is a family of grain merchandising businesses serving customers worldwide. ConAgra Grain Companies includes our U.S.-based grain operations and our international trading businesses that specialize in grain. Our largest U.S. grain business is Peavey Grain Company.

Peavey's merchandising network includes interior elevators on major railways, river loading facilities and export elevators at more than 100 total locations in 18 states. Grain merchandising operations are supported by about 1100 barges, 24 line haul boats and 3700 rail cars.

During fiscal 1990, Peavey Barge Company, a ConAgra Grain company, nearly doubled its barge capacity to about 1100 by purchasing an 80-percent interest in a new company that owns and operates the barges and towboats previously owned and operated by Consolidated Grain and Barge Company. The new company is called Superior Barge Lines Inc.

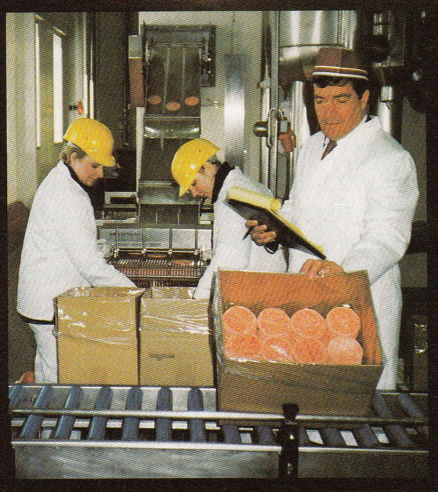
ConAgra Grain Companies' fortunes in the U.S. are tied directly to the fortunes of the American farmer, and fiscal 1990 was a good year, on average, for U.S. grain farmers and ConAgra Grain. Grain markets were strong during the year, supported by a large domestic consumption base and good export demand. U.S. stockpiles declined sharply from fiscal 1989 levels, and the domestic grain business had to contend with the loss of storage revenues in U.S. elevators. The U.S. barge business increased earnings significantly, and results in the international grain business improved sharply compared to fiscal 1989.

Overall, ConAgra Grain Companies had a good year, with earnings up from fiscal 1989. In fiscal 1991, ConAgra Grain plans improvements in their West Coast export elevator at Kalama, Washington which exports feedgrains, primarily corn, to Pacific Rim countries. Demand for U.S. corn continues to be strong in the Far East. The outlook for the U.S. farm economy in our fiscal 1991 is reasonably good, and ConAgra Grain is optimistic about the year.

Berger and Company is an international trader and processor of specialty agricultural commodities, including pulses (dry edible beans, peas and lentils), dried fruits and nuts, and olive oil. In the United States, Berger has 47 pulse originating, processing and packaging operations. Berger's Jack Rabbit brand is a leading consumer brand of dry beans in U.S. grocery stores, and the company's DACIA brand is a premier brand of olive oil in South America.

INNOVATION

in international food chain involvement



ConAgra's involvement and expertise across the food chain are translating into new opportunities around the world. Because of our broad involvement in food and agriculture, ConAgra is uniquely qualified to work with food industry officials in countries seeking to improve their food systems. Projects are already being developed in the Soviet Union.

Photo: ConAgra Soviet Union president Bob Peyton (right) in a food plant in the Soviet Union.

DACIA

Jack Rabbit Brand

Peavey

BERGERCO

INNOVATION
in internal joint ventures



Photo: *The Tokyo news conference announcing the ConAgra Nissui joint venture. From far left, Nippon Suisan executives Takayoshi Ogawa and Katsusuke Minoda, ConAgra executive Scott Rahn and Trident Seafoods executive Katsuya Sumida.*

Internal joint ventures — between two ConAgra independent operating companies — are turning opportunity into reality. Two examples: ConAgra International's experience in Japan plus ConAgra Frozen Foods' marketing and product development expertise resulted in ConAgra Nissui, which is marketing frozen foods in Japan. (ConAgra's partner in ConAgra Nissui is Nippon Suisan, a prestigious international seafood company and a leading frozen foods company in Japan.) ConAgra Latin America's experience in South America plus ConAgra Specialty Grain Products Company's expertise in oat processing resulted in Conasan, S.A., an oat processing business in Chile.

During fiscal 1990, Berger formed ConAgra Dried Fruit and Nut Company, which combined several operations that were involved in the distribution and trading of dried fruits and nuts.

Fiscal 1990 was a poor year for Berger, with operating earnings down sharply from fiscal 1989. The U.S. processing operation was hurt by weather-related pulse quality problems and a significant shortfall in the pinto bean crop. The U.S. grocery products division had a record year, with significant growth in foodservice business. Internationally, Chilean pulse and dried fruit operations did well, and European trading operations benefited from pulse demand in developing economies.

Fiscal 1991 should be a much better year for Berger. Pulse demand is strong, and projected record pulse crops in the U.S. should lead to good volume increases for Berger.

Camerican International is a worldwide marketer of a broad line of food products and ingredients to customers in food processing, foodservice and retail markets.

In fiscal 1990, Camerican discontinued some unprofitable operations, principally fresh produce marketing, and focused on their core grocery products and industrial sales businesses. Results improved dramatically. We expect continued improvement in fiscal 1991.

Petrosul International Ltd. is a leading processor and international marketer of Canadian sulfur. During fiscal 1990, Petrosul reported record volume of more than one million tons. The volume increase contributed to earnings significantly higher than in fiscal 1989 despite weaker sulfur prices. Sulfur prices have begun to strengthen, and Petrosul expects another good improvement in earnings in fiscal 1991.

Woodward & Dickerson is an international trading and marketing company specializing in industrial raw materials and other commodities. Comparisons with fiscal 1989 are unfavorable for Woodward because of nonrecurring losses in fiscal 1990. Trading volumes were about even year to year, and operating earnings in Woodward's continuing business were substantially higher in fiscal 1990. Woodward expects increased trading volume and good earnings growth in fiscal 1991.

ConAgra Asia-Pacific works with other ConAgra independent operating companies to market and distribute their products to retail and foodservice customers in the Far East, and operates food processing joint ventures in Australia and Thailand with local partners.

During fiscal 1990, ConAgra Asia-Pacific formed a 50-50 joint venture meat processing and trading company in Australia with D.R. Johnston Group. Called D.R. Johnston Group, PTY, Limited, the joint venture processes beef, mutton and lamb products for Australian and export markets, and trades meat and meat byproducts and livestock feed ingredients. Annual sales are about U.S. $100 million.

JOHNSTON

CAMERICAN

Woodward & Dickerson

Start-up costs for new joint ventures and expenses related to establishing marketing teams in Hong Kong and Singapore made fiscal 1990 unprofitable for ConAgra Asia-Pacific. We expect a return to profitability in fiscal 1991 as these investments begin to pay off.

ConAgra Eastern Europe and **ConAgra Soviet Union** were established in fiscal 1990 to grow ConAgra's presence in Eastern Europe and the Soviet Union. Early in fiscal 1991, ConAgra and the USSR State Commission for Food & Food Procurement reached an agreement for ConAgra to be involved in the management of poultry and hog operations in the Soviet Union.

ConAgra Europe includes basic food companies in Spain and Portugal and food distribution businesses based in France. In Spain, ConAgra owns Saprogal, S.A. and Bioter, S.A. In Portugal, ConAgra has a majority interest in Sapropor, S.A.R.L. These companies are involved in animal feed production, hog breeding, meat processing and broiler chicken production.

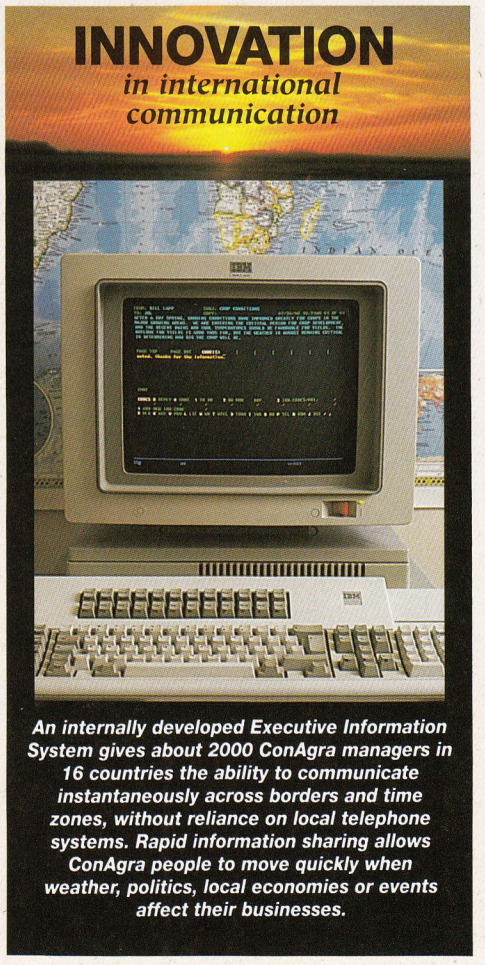
During fiscal 1990, ConAgra acquired 50 percent of Gelazur, S.A., a leading European seafood distributor. Gelazur markets a wide variety of frozen seafood products to retail markets in Europe. ConAgra also acquired a majority interest in Societe Anonyme Mediterraneenne (S.A.M.S.). S.A.M.S. distributes a full range of processed meats to supermarkets and other retailers in France, distributes delicatessen products and provides in-store deli merchandising and promotion services. Gelazur and S.A.M.S. contributed to fiscal 1990 earnings.

ConAgra Europe's earnings increased dramatically in fiscal 1990. Earnings in the animal feed businesses in Spain and Portugal were up strongly, and the ingredient trading business in Portugal did significantly better than in fiscal 1989. The poultry businesses in Spain and Portugal were still unprofitable, but much improved in Spain. Results were disappointing in the ham processing and meat processing businesses. In fiscal 1991, an internal joint venture with ConAgra Poultry Company will enable ConAgra Europe to take advantage of ConAgra Poultry's management expertise, and we expect improved earnings in our European poultry businesses to result. Overall, ConAgra Europe expects increased earnings in fiscal 1991.

ConAgra Latin America includes Puerto Rico Basic Foods Company and Conasan S.A., ConAgra International's internal joint venture with ConAgra Specialty Grain Products Company. Conasan was established late in fiscal 1990 as a joint venture between the two ConAgra companies and Compania Molinera San Cristobal S.A., the leader in the flour milling industry in Chile. Conasan owns an oat mill in Chile that will process oat products for South American and U.S. customers.

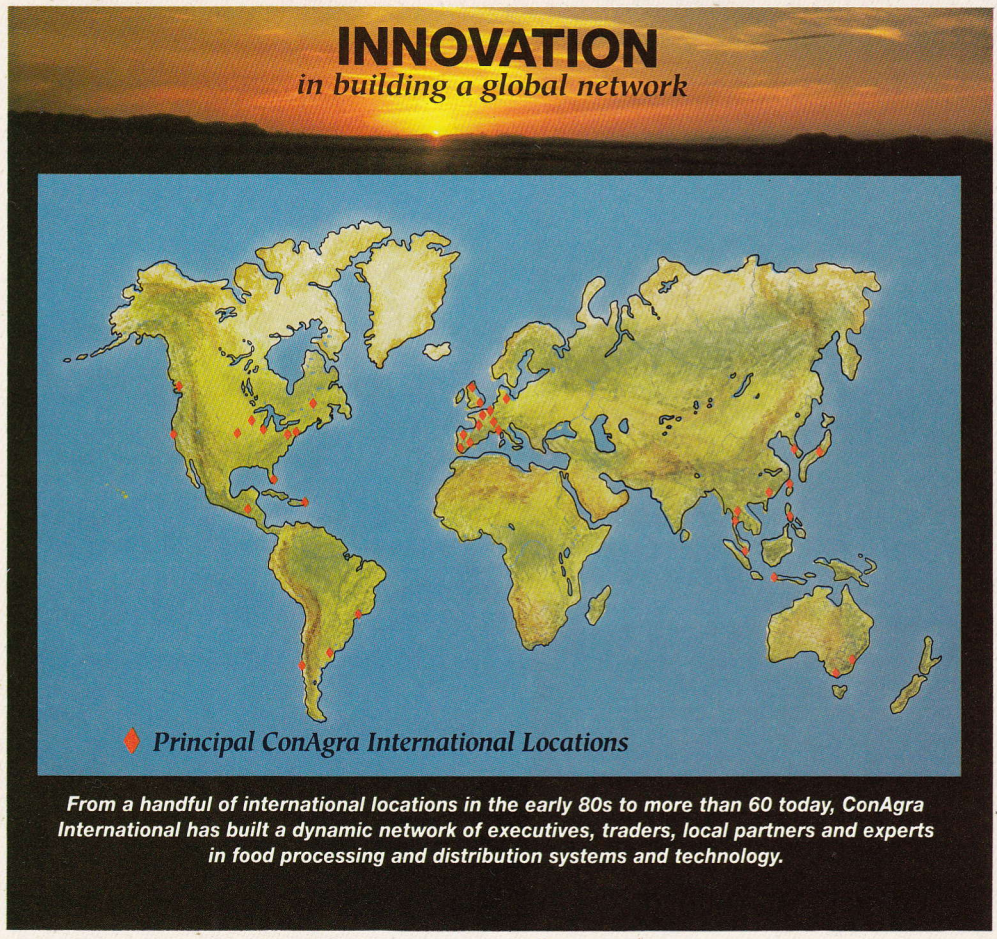
Puerto Rico Basic Foods Company is a leader in basic food processing in Puerto Rico. The company produces and markets poultry products, flour, processed corn products and formula feeds, and distributes frozen, refrigerated and dry grocery products in Puerto Rico. Principal brands include To-Ricos, Amapola, Buccaneer, Almirante and Red Hat.

Fiscal 1990 was an excellent year for Puerto Rico Basic Foods, with a good earnings increase over fiscal 1989. The poultry and flour businesses benefited from product mix shifts toward more value-added products. The feed business



An internally developed Executive Information System gives about 2000 ConAgra managers in 16 countries the ability to communicate instantaneously across borders and time zones, without reliance on local telephone systems. Rapid information sharing allows ConAgra people to move quickly when weather, politics, local economies or events affect their businesses.

BIOTER
SAPROGAL
GELAZUR
sams
CHARCUTERIE HAUTE QUALITE
MOLINOS
DE PUERTO RICO



From a handful of international locations in the early 80s to more than 60 today, ConAgra International has built a dynamic network of executives, traders, local partners and experts in food processing and distribution systems and technology.

grew principally in sales to new customers in specialty markets. The food distribution business, in its first full year of operation, grew significantly. In fiscal 1991, Puerto Rico Basic Foods will focus on new product development as well as continued growth in existing products. We expect good increases in sales and earnings.

Overall, ConAgra International's fiscal 1990 earnings were up substantially from fiscal 1989. We expect earnings to increase again in fiscal 1991.

Grain Processing

ConAgra Flour Milling Company is a leader in the very competitive U.S. flour milling industry, with 28 mills in 15 states. ConAgra Flour Milling's customers are principally commercial bakeries and pasta producers. Annual flour volume exceeds 70 million hundredweights, or seven billion pounds. Milling capacity is about 270,000 hundredweights per day.

During fiscal 1990, U.S. flour consumption appears to have been near the strong levels of recent years. Per capita consumption was about 123 pounds. The industry again ran at more than 90 percent of capacity, but exports were down somewhat from the previous year. Industry margins were under pressure from abnormal price relationships in wheat markets.

In this environment, ConAgra Flour Milling had a challenging year. Earnings were down from fiscal 1989's record results as margins were hurt somewhat by the highly competitive industry conditions coupled with purchasing difficulties created by the unusual wheat market price relationships.

We expect flour milling earnings to improve in fiscal 1991 as the industry returns to more normal conditions.

ConAgra Specialty Grain Products Company includes oat milling, dry corn milling and barley processing businesses. During fiscal 1990, ConAgra Specialty Grain completed construction of a $30 million oat mill in Nebraska, purchased and renovated a dry corn mill in Kansas and added barley processing capacity at a flour mill in Minnesota. Two joint ventures formed during the year will add more specialty grain capacity. Westglen Milling Ltd., a joint venture with Westglen Milling Corp., is building a state-of-the-art oat and barley processing mill in western Canada that will be completed in fiscal 1991. A joint venture oat mill in Chile

Amapola

To-Ricos

RED HAT

European Oat Millers

also will begin operations in fiscal 1991.

The U.S. per capita consumption of oats has doubled in the past three years and continues to increase, although at a slower pace. This strong consumer demand has fueled rapid growth in ConAgra Specialty Grain's oat processing capacity, now about 3.8 million hundredweights per year compared to one million hundredweights in fiscal 1989. ConAgra Specialty Grain is one of the largest suppliers of industrial oat products, including oat bran, flour and flakes.

ConAgra Specialty Grain's fiscal 1990 earnings were below fiscal 1989's excellent results. Oat milling earnings increased, but overall results were hurt by start-up costs at the newly renovated Kansas corn mill. We expect specialty grain earnings to increase in fiscal 1991 as this company continues to focus on providing new value-added, health-oriented ingredients to customers in the cereal, baking and food processing industries.

Canadian Harvest U.S.A., a joint venture with Du Pont Company, manufactures and markets a full line of fibers, including corn bran, specialty oat fiber, white oat fiber and barley fiber, for customers in the food industry. Canadian Harvest combines Du Pont's research and technology expertise with ConAgra's grain processing and marketing strengths.

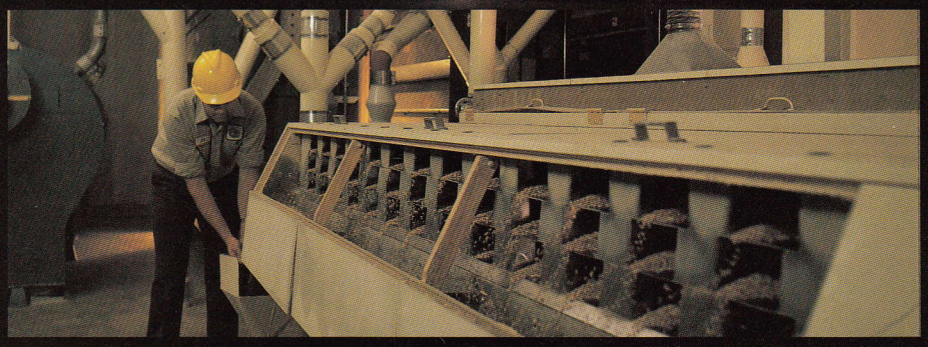
During fiscal 1990, Canadian Harvest completed an expansion plan at their year-old fiber processing plant in Minnesota, more than doubling the new plant's capacity in response to strong customer demand for fiber products.

Canadian Harvest's performance improved during fiscal 1990, but was below our expectations. Volumes were good, but results were hurt by higher-than-anticipated start-up costs at the new Minnesota plant. We expect substantial improvement in fiscal 1991.

ConAgra Feed Ingredient Merchandising Company merchandises animal feed ingredients to large feeders, wholesalers and exporters. During fiscal 1990, Feed Ingredient Merchandising continued to expand its business. The company increased its merchandising staff and opened a new office in Memphis, Tennessee. Volumes and earnings were at record levels, well above fiscal 1989. Fiscal 1991 should be another good year for Feed Ingredient Merchandising.

INNOVATION

in responding quickly to consumer trends



The U.S. per capita consumption of oats has doubled in three years. ConAgra Grain Processing Companies moved quickly – and in less than a year completed construction of the largest oat processing facility built in the U.S. in two decades . . . and ConAgra Specialty Grain Products Company became the leading U.S. supplier of industrial oat products.

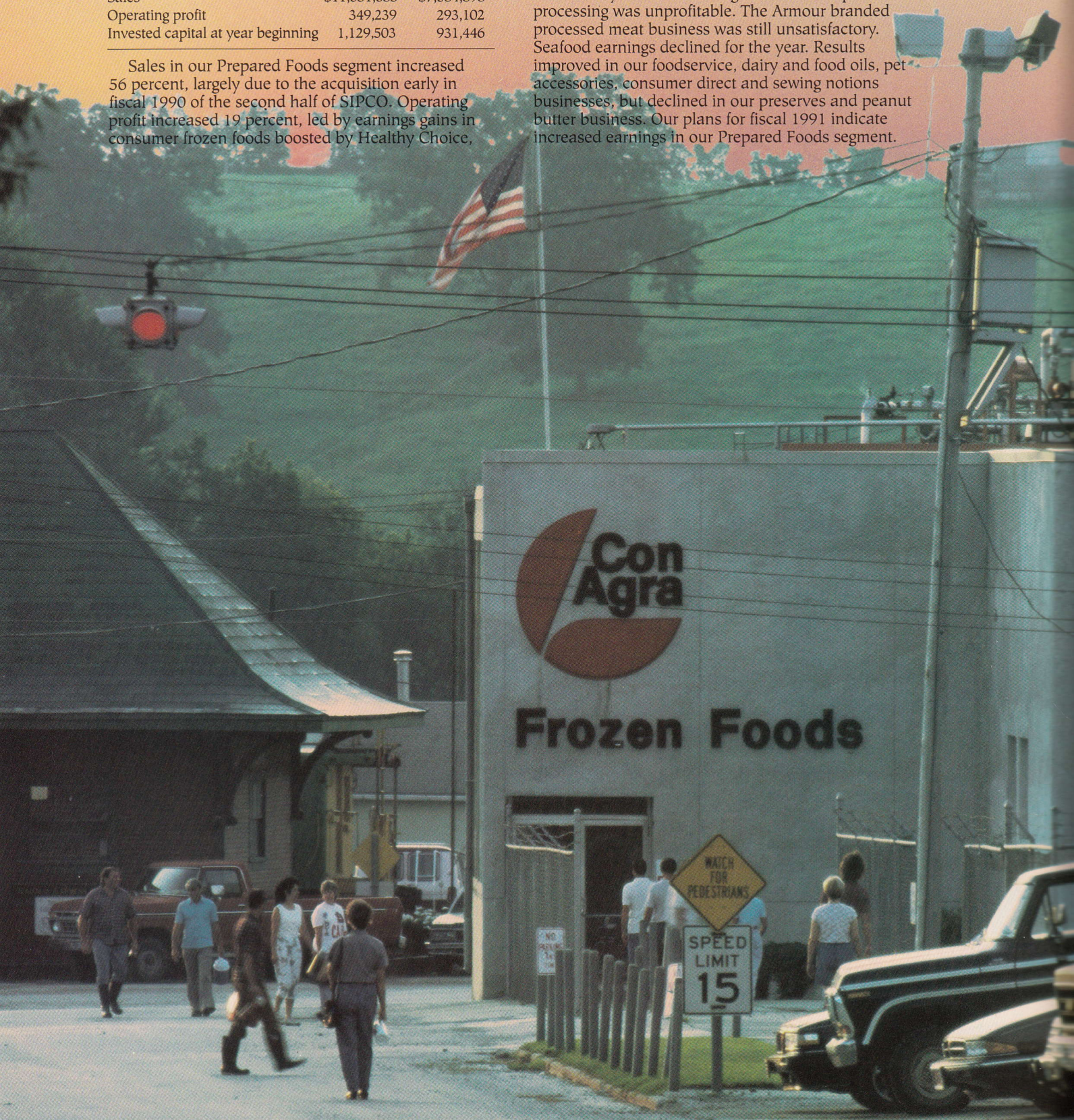
Photo: Production foreman Bill Brown in ConAgra's new oat processing mill in South Sioux City, Nebraska.

Basic Food Companies: Prepared Foods

Highlights
In thousands

	1990	1989
Sales	$11,031,683	$7,084,898
Operating profit	349,239	293,102
Invested capital at year beginning	1,129,503	931,446

Sales in our Prepared Foods segment increased 56 percent, largely due to the acquisition early in fiscal 1990 of the second half of SIPCO. Operating profit increased 19 percent, led by earnings gains in consumer frozen foods boosted by Healthy Choice, beef processing including SIPCO, and frozen potato products. Poultry product earnings were good, but below last year's outstanding results. Fresh pork processing was unprofitable. The Armour branded processed meat business was still unsatisfactory. Seafood earnings declined for the year. Results improved in our foodservice, dairy and food oils, pet accessories, consumer direct and sewing notions businesses, but declined in our preserves and peanut butter business. Our plans for fiscal 1991 indicate increased earnings in our Prepared Foods segment.



Employees on their way to work at ConAgra Frozen Foods' Milan, Missouri plant.

Consumer Frozen Foods

ConAgra Frozen Foods is a leading producer and marketer of frozen prepared foods. Principal brands are Banquet, Armour Classics, Morton, Patio, Chun King, ZAP and the new Healthy Choice and Kid Cuisine.

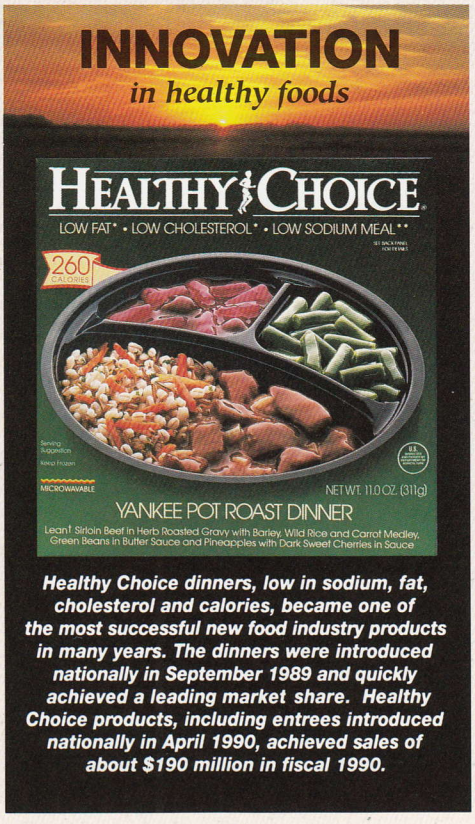
ConAgra Frozen Foods' branded consumer products number more than 350. Major product categories include fried chicken, boneless chicken, extra portion dinners, premium dinners, regular dinners, meat pies, family-size entrees, hand-held snacks and single serving entrees. ConAgra Frozen Foods is among the market leaders in all of its product lines. Consumers buy more than 30 individual ConAgra Frozen Foods products per second – 24 hours a day, 365 days a year.

Fiscal 1990 was a record sales and earnings year for ConAgra Frozen Foods, with increased unit volumes, market share and earnings. Earnings were more than 25 percent ahead of fiscal 1989. Nearly one billion individual ConAgra Frozen Food packages were sold during the year.

The year's positive results were led by the national introduction of Healthy Choice dinners in the first half and Healthy Choice entrees in the second half of fiscal 1990. Healthy Choice quickly grew to about $190 million in fiscal 1990 sales, was profitable despite heavy marketing spending and became one of the most successful new products introduced in the food industry over the last decade. Strategically, Healthy Choice established ConAgra as a leader in the premium end of the frozen food industry, complementing Banquet's strength in the economy segment. Healthy Choice also established ConAgra as a leader in the broader healthy foods category.



Kid Cuisine features kids' favorite foods as part of a balanced, microwavable meal. Introduced in the middle of fiscal 1990, Kid Cuisine is chalking up impressive sales in its first year.



Healthy Choice dinners, low in sodium, fat, cholesterol and calories, became one of the most successful new food industry products in many years. The dinners were introduced nationally in September 1989 and quickly achieved a leading market share. Healthy Choice products, including entrees introduced nationally in April 1990, achieved sales of about $190 million in fiscal 1990.

After a relatively slow first half of fiscal 1990, Banquet came on strong in the second half and achieved volume gains in dinners, meat pies and fried chicken. A significant highlight for Banquet was the second half national introduction of Kid Cuisine. This innovative line of dinners designed for children three to nine years old was well-received by consumers and the grocery trade, and is doing very well in the marketplace.

The Morton, Chun King and Patio brands all enjoyed good earnings growth, and earnings were up strongly in specialty channels (military, mass merchandisers and club stores). Intense competition for freezer space hurt the Armour Classics line, but bottom-line results improved during the year.

In the first quarter of fiscal 1990, more than 220 families moved from St. Louis and Scottsdale to Omaha and ConAgra Frozen Foods' new riverfront

HEALTHY CHOICE
KID CUISINE™
CHUN KING
Banquet
PATIO
Morton
ZAP MICROWAVE

headquarters. In November, the Product Development Laboratory was completed, housing ConAgra's research and development people. This new state-of-the-art facility has already helped accelerate development of Healthy Choice line extensions.

Although ConAgra Frozen Foods expects continued fierce share battles in fiscal 1991, it is well-positioned for continued volume and earnings growth. And ConAgra Frozen Foods will remain aggressive with business-building programs in both the economy and premium segments and in the healthy foods category.

Poultry Products

ConAgra Poultry Company is a leading producer and marketer of poultry products for retail and foodservice markets. Principal brands are Country Pride, Country Skillet, Armour Golden Star, Longmont, Turkey Selects by Armour and Water Valley Foods. Companies within ConAgra Poultry are ConAgra Broiler Company, ConAgra Turkey Company, Longmont Foods, Mott's Inc. and Professional Food Systems.

ConAgra Poultry's annual sales exceed $1.7 billion. Annual broiler production volume is about 1.4 billion dressed pounds (not including Banquet's volume of about 330 million dressed pounds). Annual turkey volume is about 300 million dressed pounds.

Price levels weakened in both the broiler and turkey industries during fiscal 1990, but lower feed costs offset about half the price decline. Industry broiler production was up about seven percent; turkey production, more than 10 percent. Consumer demand for poultry showed continued strength, with good increases in per capita consumption of both chicken and turkey.

ConAgra Broiler Company had a good year, with earnings well over plan but not quite matching 1989's exceptional performance. The company's marketing strategy continued to focus on the Country Pride brand. Sales of Country Pride prepackaged products increased 15 percent during the year, and sales of Country Pride's convenient boneless line were up 30 percent. Market tests of Country Pride ground chicken were encouraging, and ground chicken will move into new markets in fiscal 1991 with strong media support. ConAgra Broiler also is testing "individually quick frozen" chicken, pieces that are frozen separately to offer consumers the convenience of thawing only as many pieces as needed. ConAgra Broiler Company opened three new key markets in the central U.S. during the year.

A new multimedia advertising campaign introduced in fiscal 1990 continued the emphasis on Country Pride freshness with the theme, "It's hard to be humble when you're serving Country Pride." ConAgra Broiler maintained strong consumer media spending in fiscal 1990 and will increase media spending significantly in fiscal 1991.

Good productivity gains during the year added substantially to earnings in the Broiler Company. During fiscal 1991, the company will continue its capital investment program to expand production capabilities and improve productivity. In response to the successful marketing of Country Pride products, ConAgra Broiler is investing about $32 million in a new broiler complex in Farmerville, Louisiana which will open in fiscal 1992.

ConAgra Turkey Company made significant improvements in fiscal 1991. The company was profitable, but not yet up to our standards. Missouri operations continued to improve. The California Division completed a major plant modernization and expansion plan and successfully introduced a number of new products under the Turkey Selects by Armour brand.

Longmont Foods is a ConAgra Poultry company that manufactures further-processed turkey products for national foodservice and regional retail customers. Longmont was unprofitable in fiscal 1990 due to extremely high costs in their live turkey operations. The problem has been corrected. During the first quarter of fiscal 1991, Longmont will complete a $20 million modernization and expansion plan that will enable them to aggressively pursue new customers and additional sales to current customers.

Mott's Inc. is a ConAgra Poultry company that processes poultry products for national foodservice, retail and industrial markets. Mott's major brand is Water Valley Foods, and the major products are pulled and diced chicken. Mott's showed good improvement over fiscal 1989 and was modestly profitable. We expect continued improvement in fiscal 1991 as Mott's continues to increase its further-processed Water Valley Foods product line.



ConAgra Poultry Company markets the most complete array of fresh, convenient value-added chicken products in the supermarket. Sales of Country Pride's convenient boneless line were up 30 percent this year.

Professional Food Systems (PFS) is ConAgra Poultry's sales and distribution business. PFS, which now has distribution coverage of approximately 50 percent of the major U.S. markets, had another year of record earnings. We expect earnings to increase again in fiscal 1991.

In its third year of a strong companywide focus on "PDQ," the Process of Delivering Quality, ConAgra Poultry has 10,000 people trained in and committed to the process, which ties together everything the company does. During fiscal 1991, ConAgra Poultry will move into the next phase of PDQ by installing Statistical Process Control in all their plants and adding a full-time PDQ specialist. ConAgra Poultry expects to see continued positive results from PDQ.

Fiscal 1991 will be another challenging year for the broiler industry, with production expected to increase five to seven percent. The turkey industry should improve somewhat, however, with slower expansion than in fiscal 1990. ConAgra Poultry's continuing shift to more value-added, stabler-margin products will help again, and we expect another good year.

Red Meats

ConAgra Red Meat Companies include Monfort, Inc., E.A. Miller Inc., ConAgra Fresh Meats Company and Cook Family Foods, Ltd. Annual sales of these companies approach $7 billion.

During fiscal 1990, ConAgra acquired the remaining 50 percent of SIPCO, a processor of beef, pork and lamb with annual sales over $3 billion. SIPCO is now part of Monfort. Including SIPCO, ConAgra Red Meats now slaughters about 15 percent of all cattle killed in the U.S.

Monfort produces and markets beef, pork and lamb products for customers in domestic and international markets. Monfort also has a distribution business, Mapelli Brothers Company, and a cattle feeding operation. Monfort's feedlot capacity is 270,000 head.

Monfort originated as a cattle feeding company and expanded over the years into the beef processing business. ConAgra Red Meat Companies currently feed 10 to 15 percent of their processing plant cattle requirements and do not anticipate ever exceeding 20 percent of those needs. This feeding is concentrated near plants in Colorado, Utah and Idaho, where availability of fed cattle is insufficient for economical plant production without supplementing with our own feedlot numbers.

E.A. Miller is a producer of beef products principally for customers in western United States markets. E.A. Miller's feedlot capacity is 50,000 head.

ConAgra Fresh Meats produces and markets beef products to customers in retail, foodservice and institutional markets.

Cook Family Foods is a leading processor and marketer of branded smoked ham products for retail customers nationwide. During fiscal 1990, Cook began construction of a $20 million ham processing plant in Kentucky.

In total, earnings in the red meat businesses were well ahead of fiscal 1989, partly due to SIPCO's contribution in the beef processing business. Most segments of the beef industry had a good year in our fiscal 1990. ConAgra Red Meats' cattle feeding earnings were

Cook's®

Monfort

eamillerinc.

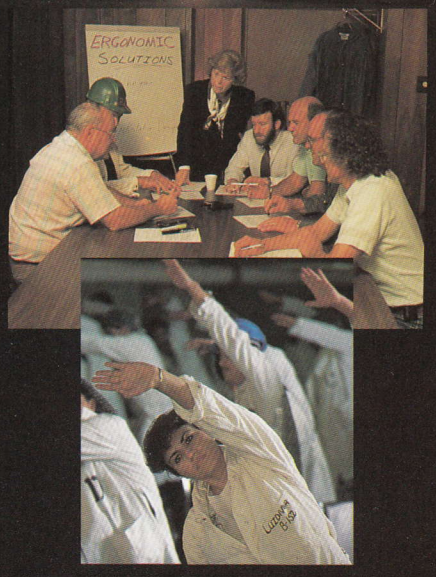
ahead of fiscal 1989 but slightly under plan because of high feeder cattle prices and, late in the year, higher corn prices. Beef processing margins improved slightly during fiscal 1990, but a shortage of cattle ready for market and relatively high cattle prices kept margins from being as good as in some previous years. Monfort invested $2.4 million to expand a Nebraska beef plant and to improve working conditions by making jobs less stressful and less repetitive.

Fiscal 1990 was not a good year for the pork industry or Monfort Pork. Record high hog prices stressed industry margins. Monfort Pork's results also were hurt by start-up costs at the three SIPCO pork plants expanded and modernized beginning in fiscal 1989. Pork demand was excellent during fiscal 1990 for most pork products, but there is still excess plant capacity in the pork processing industry. Monfort Pork was unprofitable in fiscal 1990. Cook Family Foods' value-added pork products did reasonably well in their retail markets, and Cook's earnings contribution was up significantly.

Lamb demand was sluggish during the year, but Monfort is working on ways to boost demand by providing new lamb products that respond to consumer needs and lifestyles. Monfort's new, state-of-the-art lamb processing plant, which opened during fiscal 1989, contributed to good lamb processing results in fiscal 1990. The lamb business was unprofitable though because of losses in the lamb feeding business.

In fiscal 1991, ConAgra Red Meats expects another good year in the beef business and improvement in the pork and lamb businesses. The cattle shortage should ease, and Monfort will continue to focus on efficient production of beef products that meet consumer needs. Monfort Pork's start-up costs are behind them, and the pork processing industry should benefit from higher hog supplies expected in the second half of the year. Overall, ConAgra Red Meats plans a good earnings gain in fiscal 1991.

INNOVATION
in workplace safety



Monfort has reduced lost-time injuries 36 percent in the Colorado plant where they initiated an expansive ergonomics program that was designed in-house specifically to make jobs easier and safer for their employees. The program includes "industrial athlete" exercise classes, equipment and work station redesign, safety training and wellness programs for employees.

Large photo: *Monfort vice president of risk management Lucky Gallagher (standing) leading an ergonomics meeting.*

Inset: *Production line worker Lucila Torralba in an "industrial athlete" exercise class.*

Processed Meats, Deli Products, Dairy & Food Oil Products

Armour Food Company is a leading processor, marketer and distributor of branded, processed meats. Armour, Golden Star, Decker and Webber Farms are the primary brands. Products include hot dogs, bacon, hams, sausage and lunch meat. This company also produces frozen, portion-controlled beef, chicken and veal products for foodservice and retail customers.

During fiscal 1990, Armour acquired Lauridsen Foods, a ham processing operation in Iowa, supporting Armour's leadership position in canned hams. Volume of Armour's frozen convenience foods sold through the meat counter improved significantly during the year. To accommodate the volume growth, Armour closed an old Wisconsin facility and moved into a larger, more modern Nebraska plant.

Armour's progress was unsatisfactory, due in part to sharply higher raw material costs as hog prices reached record highs. Retail volumes fell off early in the year, but year-to-year comparisons were favorable later in the year. Armour was unprofitable. However, aggressive marketing and increased consumer advertising in core markets resulted in improved market share.

ARMOUR®

DECKER®

Cloverbloom

Miss Wisconsin Lite
ARMOUR®

WEBBER'S™

INNOVATION
in fulfilling strategic objectives



The acquisition of Beatrice Company, pending at press time, fulfills ConAgra's long-term objective of establishing a strong sales and distribution system to the dry grocery section -- to complement our distribution capabilities in the frozen and refrigerated sections of the grocery store. And Beatrice brings an array of leading consumer food products with such well-known brands as Hunt's, Wesson, Manwich, Orville Redenbacher's, Peter Pan, Snack Pack, Swiss Miss, La Choy, Swift Premium, Butterball, Eckrich and Reddi-Wip.

Armour introduced a new low-fat, low-sodium hot dog in fiscal 1990, and consumer acceptance is encouraging. Plant operating costs improved as various production operations were consolidated to gain economies of scale. Aggressive pricing programs and better management of ingredient costs were beginning to have a positive effect in the fourth quarter of fiscal 1990. We expect substantial improvement in fiscal 1991.

Armour Dairy and Food Oils Company produces, packages and distributes a wide variety of products including bulk and branded cheese, spray-dried food ingredients, raw and blended spice products, flavor bases, food oils, lard, butter and eggs. Major brands are Armour, Cloverbloom, Miss Wisconsin, General Spice, Hega, Genarom, Bakotex and Sotex.

During fiscal 1990, Armour Dairy and Food Oils acquired General Spice, which manufactures a broad line of spice products, seasonings, natural meat flavors and sauce and gravy bases for industrial and foodservice customers. Armour Dairy and Food Oils also built a new spice plant with an on-site research and development facility in Chicago, and a new food ingredient research and development facility in Springfield, Kentucky. The new R&D facilities enhance this company's ability to work with food industry customers to develop innovative seasonings and flavor bases for new products.

Armour Dairy and Food Oils had an outstanding year, with growth in every line of business. Volumes were up strongly, and earnings increased dramatically. We expect earnings to increase again in fiscal 1991.

ConAgra Deli Company is the only company offering a full line of products to the growing U.S. delicatessen market. ConAgra Deli markets about 140 products, including traditional deli meats and cheeses, as well as innovative prepared entrees, desserts and appetizers. Brands are World's Fare, Old Market Deli and Lite n' Low.

During fiscal 1990, ConAgra Deli introduced several new products, including Certi•fried Chicken, fried chicken with 35 percent less fat. The company broadened distribution, improved their product mix, began a new deli school for brokers and improved marketing programs. Results improved, but were below expectations. We expect significant improvement in fiscal 1991.

Seafood

ConAgra seafood companies are leaders in the U.S. seafood industry, with major businesses on the West, East and Gulf coasts. Total seafood sales, including 45-percent-owned Trident Seafoods Corporation, exceed $650 million. Trident's sales are not reported in ConAgra's consolidated results.

Taste o'Sea

SINGLETON

Country Skillet® Catfish

ConAgra Shrimp Companies include Singleton Seafood Company, International Seafood Traders and Waldco Enterprises. Singleton is a leading shrimp processor, foodservice supplier and retail marketer of shrimp. In addition to shrimp, products include scallops, oysters and flounder. International Seafood Traders is a processor and worldwide procurer, broker and marketer of commodity seafood. Waldco Enterprises is a shrimp import and trading business acquired during fiscal 1990.

In total, ConAgra Shrimp Companies achieved another year of record sales and earnings, with results slightly ahead of the fiscal 1989 record.

Consumer demand for shrimp continued strong during fiscal 1990, but the industry was under pressure from extreme price volatility. Singleton managed well in the roller-coaster environment. Sales were up moderately, and earnings were up slightly and above plan. During fiscal 1990, Singleton expanded their new line of sauteed shrimp items to national foodservice distribution. These products help foodservice operators meet consumer demands for lower-calorie, lower-fat seafood items. Singleton also continued to modernize their facilities to enhance production capabilities.

International Seafood Traders had a disappointing year because of the domestic price fluctuations. Waldco Enterprises, which joined ConAgra Shrimp Companies in fiscal 1990's third quarter, made a good profit contribution in the fourth quarter. Waldco is a leading importer of popular Ecuadorian farm-raised shrimp.

We expect increased earnings from ConAgra Shrimp Companies again in fiscal 1991.

Country Skillet Catfish Company processes and markets grain-fed, farm-raised catfish products for retail and foodservice customers. Country Skillet increased volumes and market share significantly in fiscal 1990, but was unprofitable due to the continuing price war in the industry.

Country Skillet began operating a new Mississippi processing plant during fiscal 1990, improving costs and boosting processing capacity. Three new value-added catfish products were introduced. Intensified price competition will likely continue at least through the first half of fiscal 1991, but results may improve later in the year.

O'Donnell-Usen Fisheries Corporation is a sourcer of Atlantic cod and ocean perch, operating eight trawlers in the waters off Nova Scotia and Prince Edward Island. Under the brand name Taste O'Sea, O'Donnell-Usen processes and markets more than 100 frozen seafood products, as well as an extensive line of private label products. The company also is a leading supplier of breaded cod portions to fast-food markets.

Results in O'Donnell-Usen's Canadian fishing and primary processing business improved significantly during fiscal 1990, helped by strong cod markets and increased catching capacity. Negative factors were an oversupply of perch, which weakened prices, and an unfavorable Canadian/U.S. exchange rate. Results also improved significantly in O'Donnell-Usen's U.S. retail business. The U.S. business reduced costs, strengthened its sales organization and generally managed well in an environment of volatile fish prices and intense market share battles. Overall, O'Donnell-Usen's results improved sharply from fiscal 1989's poor performance.

Trident Seafoods Corporation, of which ConAgra owns 45 percent, is a leader in the Northwest Pacific seafood industry. The company sources, processes and markets crab, salmon, herring and bottomfish – principally Pacific pollack, halibut and cod – for domestic and export markets. Trident operates two catcher processors and six floating processors in the Bering Sea and the North Pacific Ocean.

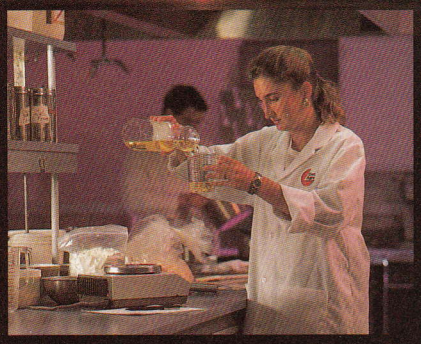
During fiscal 1990, Trident opened two new processing plants in Alaska and Washington, expanding capacity for existing products and adding new capacity for surimi, fishmeal and breaded fish products.

Results for the year were hurt by the weakening yen, an oil spill in Prince William Sound and start-up costs at the new surimi plant in Alaska and the breaded fish plant in Washington. We expect a significant improvement in Trident's results in fiscal 1991.

Foodservice

ConAgra Foodservice Companies was formed in fiscal 1989 when three businesses were consolidated: ConAgra Poultry Foodservice Company, ConAgra Prepared Foods Foodservice Company and Monfort Red Meat Foodservice Company.

INNOVATION
in new product development



A $30 million state-of-the-art food product laboratory and pilot plant in Omaha, completed during fiscal 1990, substantially enhances ConAgra companies' ability to bring to market quickly innovative new products that respond to consumer needs and lifestyles.

Photo: ConAgra food technologist Carolyn Casper.

ConAgra Foodservice offers foodservice operators center-of-the-plate choices in beef, frozen food and poultry under the brands Award, Armour, Banquet, Chun King, Monfort and Morton. During fiscal 1990, ConAgra Foodservice opened a new pilot plant and product development kitchen that is already serving major customers, expanded its distribution system, developed important national account relationships and gained significant production efficiencies.

In its second year as an independent operating company, ConAgra Foodservice improved dramatically, becoming profitable and exceeding plan. During fiscal 1991, the company will introduce a full line of Healthy Choice entrees and dinners for foodservice. We expect good increases in sales and earnings as ConAgra Foodservice continues to offer customers innovative approaches to products, processing and packaging.

Lamb-Weston, Inc., a joint venture with Golden Valley Microwave Foods, Inc., is a leading processor of frozen potato products, primarily for foodservice markets. Lamb-Weston supplies most of the leading restaurant chains and foodservice distributors in the U.S. Products include traditional french fries as well as fries in unique shapes and flavored potato products.

Lamb-Weston showed strong gains in sales and earnings during fiscal 1990, exceeding our expectations for the second year in a row. This company continues to reduce costs, introduce responsive new products and improve their product mix. We expect Lamb-Weston to have another good year in fiscal 1991.

Specialty Products

ConAgra Pet Products Company markets a complete line of pet accessories to consumers for the care and enjoyment of their pets. Principal brands are Geisler and Sergeant's.

Early in fiscal 1990, the company acquired the Sergeant's Pet Care Division of A.H. Robins Company, and Sergeant's was successfully brought on board during the year. The addition of Sergeant's products significantly strengthened the competitive position of ConAgra Pet Products in flea and tick control products and other healthcare products for pets.

Fiscal 1990 was another record year for ConAgra Pet Products, with substantial increases in sales, largely due to the Sergeant's acquisition, and earnings. We expect increased sales and earnings again in fiscal 1991.

Home Brands Company produces and markets preserves, jellies, peanut butter and syrups. Fiscal 1990 was a disappointing year for Home Brands. The company was unprofitable, primarily due to operating losses at a recently acquired peanut butter plant in Georgia. We expect a return to profitability in fiscal 1991.

ConAgra Consumer Direct is the new name for the company that markets Pfaelzer Brothers products. The company was re-named during fiscal 1990 to better reflect its mission, which is to market a wide range of products directly to consumers via catalogs, telemarketing and premium/incentive programs. Early in fiscal 1990, ConAgra Consumer Direct acquired the Ace Pecan Company, a marketer of high-quality nuts, candies and dried fruits.

Sales were up substantially in fiscal 1990, thanks in part to the Ace Pecan acquisition, and earnings improved modestly. ConAgra Consumer Direct expects meaningful earnings growth in fiscal 1991.

Dyno Merchandise Corporation markets a full line of home sewing accessories under the brand name Singer, for which Dyno is the exclusive licensee in the U.S. Dyno's sales in fiscal 1990 were nearly even with the fiscal 1989 record sales level, and earnings were up. We expect increased sales and earnings in fiscal 1991.

award BRAND

Geisler
A SNOOPY PET CARE PRODUCT

Sergeant's

HOME BRANDS

Pfaelzer BROTHERS

REAL peanut butter

Finance Companies

Highlights
In thousands

	1990	1989
Sales	$180,122	$143,814
Operating profit	15,897	9,637
Invested capital at year beginning	108,169	92,200

ConAgra's Finance Companies were fully consolidated in ConAgra's financial statements in fiscal 1989 because of a new financial accounting standard. These companies, previously accounted for on an equity basis because of their different financial characteristics, are self-financed, with no parent company guarantees to support borrowings.

Operating profit in our Finance Companies increased 65 percent in fiscal 1990. Earnings were up significantly in both the Geldermann futures brokerage business and the Monfort Finance Company. We expect increased earnings for the Finance Companies in fiscal 1991.

Geldermann, Inc., a leading U.S. futures brokerage firm, is a stand-alone subsidiary of ConAgra. ConAgra does not guarantee any obligations of Geldermann. Geldermann serves customers through more than 100 branches and affiliated brokerage offices.

Geldermann Securities, Inc. specializes in execution and clearing of trades on U.S. exchanges, with a focus on option-driven products for professional traders. Geldermann Securities acts as a broker's broker for institutions and broker-dealers worldwide. Heinold Asset Management, Inc., another Geldermann subsidiary, is a leading commodity fund general partner, managing more than 25 public commodity futures funds. Heinold is well-positioned to respond to investors' increased interest in managed futures accounts as an investment portfolio alternative.

Fiscal 1990 was the ninth consecutive year of record profits for the Geldermann group of companies. Earnings were up substantially from fiscal 1989.

Geldermann's European offices in London, Rotterdam and Brussels generated increased business in foreign exchange and energy futures during fiscal 1990. The London company, Geldermann Ltd., achieved strong growth in its foreign exchange and bullion trading business in its second full year of operation.

Considerable financial community interest during fiscal 1990 was focused on the Pacific Rim countries, and Geldermann has established important linkages in selected Asian countries. These linkages further strengthen Geldermann's readiness to participate in the coming globalization of financial markets. Geldermann expects earnings to increase again in fiscal 1991.

Monfort Finance Company is a self-financed subsidiary which provides short-term financing, typically four to five months, primarily for cattle in ConAgra Red Meat Companies' feedlots. This business finances cattle it owns and will sell to ConAgra Red Meat Companies for processing. It also finances cattle owned by third parties while these cattle are on feed in ConAgra Red Meat Companies' feedlots. At the end of fiscal 1990, Monfort Finance Company owned about 300,000 head of cattle.

Monfort Finance also includes Weld Agricultural Credit, Inc. (WACI) and Weld Insurance Company, Inc. (WICI). WACI finances truck tractors and trailers owned by independent operators. WICI is a small insurance subsidiary which protects certain risks of ConAgra Red Meat Companies and administers the Companies' workmen's compensation program.

Monfort Finance Company had a good year, with earnings well ahead of the fiscal 1989 level. We expect earnings to increase again in fiscal 1991.



Geldermann executive vice president Bill Walser, in Geldermann's Chicago headquarters.

In thousands	1990	1989	1988
Sales	$15,501,228	$11,340,414	$9,608,244
Operating profit	549,815	468,265	343,342
Invested capital			
Year beginning	1,626,743	1,392,058	1,296,906
Year end	1,836,655	1,626,743	1,392,058

INTRODUCTION

In this part of the business review we discuss ConAgra's financial condition and overall operating results.

In fiscal 1989, ConAgra adopted Statement of Financial Accounting Standards No. 94. SFAS No. 94 required ConAgra to consolidate the accounts of the company's financial services affiliates with its basic food businesses. Fiscal 1988 and prior years were restated accordingly. Previously, the results of financial services operations were accounted for on the equity basis as was appropriate and permissible under previous accounting standards.

Consolidation in accordance with SFAS No. 94 adds together the results of operations with distinctly different operating and financing characteristics. To make our financial statements more meaningful, we present them in three formats: Basic Food Companies, Finance Companies and Consolidated.

On June 7, 1990, ConAgra entered into a definitive agreement to acquire Beatrice Company as described in Note 2 on page 51 of this report. The discussion in this section excludes Beatrice except where otherwise specifically indicated.

FINANCIAL CONDITION

Capital Resources

ConAgra's earnings are generated primarily by its capital investment. Capital investment consists of working capital (current assets less current liabilities) plus all noncurrent assets. This capital investment is financed principally with stockholders' equity and long-term debt.

During fiscal 1990, capital investment increased $209.9 million, or 13 percent, to $1,836.7 million. Of this total, $1,720.3 million, or 94 percent, is in the Basic Food Companies, and $116.4 million, or six percent, is in the Finance Companies. Noncurrent assets increased 30 percent, after depreciation and amortization of $129.7 million. Working capital decreased 25 percent mainly due to consolidating SIPCO, Inc. in ConAgra's financial statements. The remaining 50 percent of SIPCO was acquired effective the beginning of fiscal 1990. The Basic Food Companies accounted for 96 percent of the total capital investment increase, while the Finance Companies accounted for four percent. (See the "1990 Changes in Capital Investment" table.)

1990 Changes in Capital Investment

Dollars in millions

Increase (Decrease)	Consolidated		Basic Food Companies		Finance Companies	
Working capital	($128.6)	(25.3%)	($137.6)	(31.5%)	$9.0	12.4%
Noncurrent assets	338.5	30.3%	339.3	31.4%	(.8)	(2.2%)
Invested capital	$209.9	12.9%	$201.7	13.3%	$8.2	7.6%

Internally generated cash flow is the primary source of ConAgra's capital investment growth. In fiscal 1990, cash flow from net income, depreciation and amortization totaled $361.4 million, an increase of 21 percent from $299.5 million in fiscal 1989. Net cash flow from all operating activities was $316.6 million in fiscal 1990. Net cash uses for investing and financing totaled $576.5 million. Consequently, cash and cash equivalents declined from $380.4 million at the end of fiscal 1989 to $120.5 million at the end of fiscal 1990.

During fiscal 1990, ConAgra invested $196.3 million in additions to property, plant and equipment of ongoing businesses, an increase of 20 percent over fiscal 1989.

Funds used to acquire businesses and increase investment in unconsolidated subsidiaries totaled $42.3 million versus $185.0 million in fiscal 1989. Including assumption of related financing obligations, these acquisitions and investments amounted to $253.8 million in fiscal 1990 and $193. 6 million in fiscal 1989. In fiscal 1990, ConAgra paid $69.8 million in stockholder dividends, 20 percent more than the previous year.

In fiscal 1991, ConAgra plans to invest approximately $245 million in additions to property, plant and equipment of present businesses. Cash flow from net income, plus depreciation and amortization of approximately $135 million, is expected to be sufficient for this investment and dividend requirements, with a surplus for other potential needs.

ConAgra financed the increase in capital investment as shown in the "1990 Capitalization Changes" table.

1990 Capitalization Changes

In millions	Increase	(decrease)
Long-term debt	$ 75.3	13.4%
Deferred income taxes	(5.2)	(4.8%)
Preferred stockholders' equity	(6.5)	(74.9%)
Common stockholders' equity	146.3	15.4%
Total increase	$209.9	12.9%

Net income was the major source of the increase in common stockholders' equity. During fiscal 1990, ConAgra issued 1,160,983 shares of the company's common stock in connection with acquisitions, 1,339,575 shares in connection with incentive and stock option plans, and 1,198,740 shares for conversion of preferred stock. ConAgra also purchased 1,578,946 shares of its own common stock for $39.8 million.These shares were added to treasury stock for use in meeting obligations for stock options, incentive plans and conversion of preferred stock.

Preferred stockholders' equity decreased due to conversion of preferred stock to common stock. Deferred income taxes decreased due to temporary differences in the recognition of revenue and expense for tax and financial statement purposes.

Long-term debt increased as ConAgra used its financial capacity in keeping with the company's financing objective.

Financing Objective

ConAgra's primary financing objective is to maintain a conservative balance sheet. Equity and long-term debt are used to finance noncurrent assets and permanent working capital needs. Short-term debt is used to finance liquid and seasonal asset requirements.

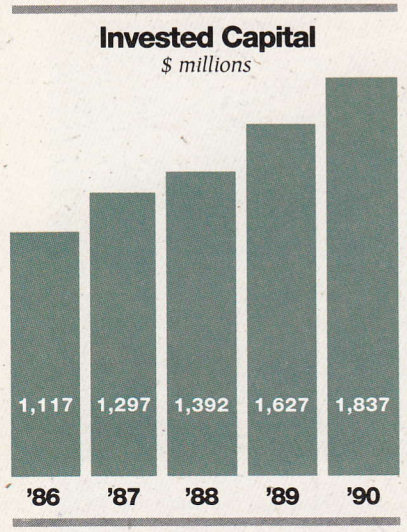
ConAgra's long-term debt objective for the Basic Food Companies is to have long-term debt represent not more than 35 percent of total capitalization. The short-term debt objective for the Basic Food Companies is to eliminate year-end net short-term debt (short-term debt less cash) used to finance assets other than hedged commodity inventories. Hedged commodity inventories include, for example, grain hedged in futures markets or by firm forward sales contracts.

ConAgra has met its debt objectives every year since they were established in fiscal 1976.

The Basic Food Companies' long-term debt was 35 percent of capitalization at the end of fiscal 1990 and 35 percent at the end of fiscal 1989. Net short-term debt of the Basic Food Companies, excluding hedged commodity inventories, was less than zero at the end of fiscal 1990 and fiscal 1989. Cash and hedged commodity inventories totaling $628.3 million exceeded short-term debt of $134 million at the end of fiscal 1990. Cash and hedged commodity inventories totaling $737.5 million exceeded short-term debt of $35 million at the end of fiscal 1989.

ConAgra's policy has long been that it would temporarily exceed its self-imposed 35-percent capitalization ratio objective for a major strategic acquisition that served stockholders' long-term interests. In management's view, Beatrice Company is such an opportunity.

ConAgra's capitalization ratio will go above 35 percent with the acquisition of



Beatrice. Beatrice's businesses are significant cash generators, and ConAgra expects to have substantial uncommitted financial capacity over the next few years. ConAgra intends to return to a 35-percent capitalization ratio as soon as practical.

The Finance Companies are self-financing. Their debt is not guaranteed by ConAgra. They had long-term debt of $30 million at the end of fiscal years 1990 and 1989. Short-term debt of $197.5 million at the end of fiscal year 1990, and $296.0 million at the end of fiscal 1989 financed assets such as cattle on feed, notes receivable and open customer transactions.

ConAgra relies primarily on the sale of commercial paper to provide short-term financing, although the company also borrows from commercial banks. Commercial paper borrowings are backed by bank credit facilities. During fiscal 1990, short-term borrowing continued at interest rates below prime. Short-term indebtedness averaged $1,333.7 million in fiscal 1990, while the highest period-end level was $1,735.6 million, compared to $1,226.0 million and $1,466.2 million, respectively, in fiscal 1989.

ConAgra uses operating leases primarily for transportation equipment and selected facilities. In fiscal 1990, the company's noncancelable operating lease rentals were $81.4 million. Earnings before tax, rent or interest on long-term debt covered noncancelable rent plus interest on long-term debt by a factor of 3.4 times in fiscal 1990 and 3.4 times in fiscal 1989.

Asset Liquidity

Most of ConAgra's businesses are current asset intensive. At the end of fiscal 1990, current assets accounted for 70 percent of total asset investment. Grain, flour and major feed ingredients are hedged to the extent practicable to protect inventory value against major price fluctuations.

For fiscal 1990, total sales invoiced to customers were approximately $22.8 billion. This is above net sales reported in ConAgra's financial statements because grain and certain other commodity trading and merchandising transactions include only gross margins in reported sales.

During fiscal 1990, ConAgra's current assets increased six percent to $3.35 billion, while current liabilities increased 12 percent to $2.97 billion. As reviewed earlier, working capital decreased 25 percent to $380.3 million.

When evaluating liquidity, the company looks at its Basic Food Companies' current ratio (current assets divided by current liabilities) in two ways — with and without hedged commodity inventories and associated short-term financing. This is done because of the high liquidity of hedged commodity inventories. Including hedged commodity inventories, the Basic Food Companies' current ratio was 1.13 to 1 at the end of fiscal year 1990 and 1.22 to 1 at the end of fiscal year 1989. Excluding hedged commodity inventories, the Basic Food Companies' current ratio at the end of fiscal 1990 was 1.17 to 1, compared to 1.29 to 1 at the end of fiscal 1989.

ConAgra's Basic Food Companies' current ratio is a composite of various current ratios appropriate for our individual businesses, which participate in different sectors of the food industry. For example, in our Agri-Products segment, where trade payables commonly finance most current assets of pesticides and fertilizer distribution businesses, a current ratio of about 1 to 1 would be appropriate. Businesses in ConAgra's Trading & Processing segment typically have highly liquid, hedged inventories. Consequently, a current ratio near 1 to 1 also is sound. On the other hand, many of ConAgra's Prepared Foods businesses are more typical of a manufacturing industry, where a current ratio of 1.5 to 1 or greater would be expected.

OPERATING RESULTS

ConAgra's management considers return on common stockholders' equity the single most significant measure of operating performance. The company's objective is to average in excess of a 20-percent after-tax return on year-beginning common stockholders' equity and earn in excess of a 15-percent return in any given year. This return was 24.3 percent in fiscal 1990 and has averaged 23.5 percent over the last five years. See pages 4 and 5 of this report for a full treatment of ConAgra's financial objectives and results.

Through the "Changes in Earnings Components" table and the discussion that follows, ConAgra's total operating results for the most recent fiscal years are reviewed in terms of changes in the components of earnings. Operating results by ConAgra's industry segments were discussed in considerable detail in earlier pages of this report.

Fiscal 1990 Compared to 1989

The major source of ConAgra's fiscal 1990 sales increase was the consolidation of SIPCO. No SIPCO sales were included in ConAgra's results during fiscal 1989 when ConAgra owned 50 percent of the business. ConAgra acquired the remaining 50 percent of SIPCO effective the beginning of fiscal 1990, and all SIPCO sales – more than $3 billion – were included in fiscal 1990 results. Other significant sources of the fiscal 1990 sales increase included Monfort, ConAgra Frozen Foods, United Agri Products and ConAgra Fresh Meats, all mainly due to higher unit volumes.

The increases in cost of goods sold and selling, administrative and general expenses were related principally to the sales increase. The largest gains in gross margin (net sales minus cost of goods sold) were achieved by Monfort including SIPCO, ConAgra Frozen Foods, United Agri Products, ConAgra Pet Products, ConAgra Foodservice, Cook Family Foods and ConAgra Retail. Their gains were partially offset by lower gross margins in businesses including Armour Food, E.A. Miller, ConAgra Grain Processing, ConAgra Poultry and Berger.

The largest sources of the increase in selling, administrative and general expenses were Monfort including SIPCO, ConAgra Frozen Foods, United Agri Products, ConAgra Pet Products and ConAgra Grain Processing. These increases were partially offset by declines in other businesses.

Gross margin and selling, administrative and general expenses as a percent of net sales declined mainly because of the addition of SIPCO's business which has lower relative margins and marketing expense. The addition of SIPCO also was the principal source of higher interest expense.

The gain in pretax earnings had multiple, balanced sources, notably Monfort including SIPCO, Camerican, ConAgra Frozen Foods, ConAgra Europe, Lamb-Weston, ConAgra Foodservice, O'Donnell-Usen, United Agri Products and ConAgra Finance Companies. Increases in these and other businesses were partially offset by decreases in some businesses including ConAgra Poultry, ConAgra Grain Processing, Armour Food, Berger, Trident Seafoods and ConAgra Fertilizer.

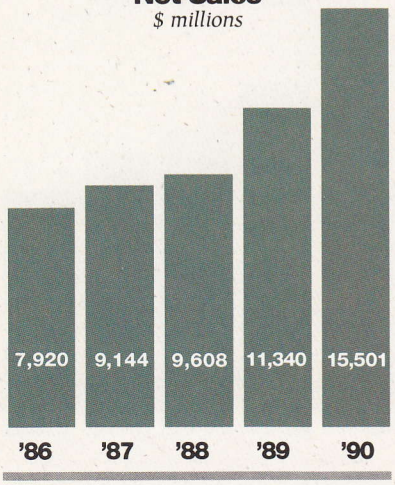
Equity in earnings of unconsolidated subsidiaries was $18.1 million in fiscal 1990 versus a loss of $37,000 in fiscal 1989 as substantially higher contributions from ConAgra Europe and Lamb-Weston more than offset a decline in Trident Seafoods' results.

The upward swing in equity earnings also was the major cause of a lower effective tax rate, 35.1 percent in fiscal 1990 versus 36.6 percent in fiscal 1989, and a larger percentage increase in reported net income than reported pretax income. Most taxes on equity earnings are provided for before these earnings are included in ConAgra's income before income taxes.

Income per share increased less than net income because weighted average shares outstanding increased 2.2 percent, principally due to common shares used for acquisitions and the conversion of preferred stock to common stock.

Fiscal 1990 results include two nonrecurring items. They were a $26.9 million after-tax gain from settlement of litigation related to Holly Farms Corporation and a $24.8 million after-tax provision for realigning processed meats operations. The net gain from these items was $2.1 million after tax or two cents per share.

Net Sales
$ millions



Changes in Earnings Components
Dollars in millions except per share amounts

	Fiscal 1990 vs. 1989		Fiscal 1989 vs. 1988	
	$ Increase	% Increase	$ Increase	% Increase
Net sales	$4,160.8	36.7%	$1,732.2	18.0%
Cost of goods sold	3,972.7	40.2	1,484.6	17.7
Selling, administrative and general expense	129.3	12.6	122.9	13.7
Interest expense, net	38.3	28.9	51.3	63.4
Income before income taxes	44.8	14.3	67.8	27.8
Income taxes	10.9	9.6	24.6	27.5
Net income	33.8	17.1	43.2	27.9
Income per share	.24	14.7	.34	26.4

Fiscal 1989 Compared to 1988

The three largest sources of the fiscal 1989 sales increase were ConAgra Grain Processing, ConAgra Poultry and Berger. The acquisition of significant flour milling assets late in fiscal 1988 was the major source of the grain processing increase. ConAgra Poultry's increase came from higher unit volumes and selling prices and two acquisitions, one in the middle of fiscal 1988 and one early in fiscal 1989. Berger's increase was principally due to higher unit volumes and selling prices and three acquisitions.

Other businesses contributing substantially to the sales increase included Monfort, ConAgra Fertilizer, Cook Family Foods, United Agri Products and ConAgra Frozen Foods. Cook was acquired in the second quarter of fiscal 1989. The frozen foods increase was partially related to an acquisition at the beginning of fiscal 1989. The United Agri Products increase was partially related to an acquisition early in fiscal 1989.

The increase in cost of goods sold was associated mainly with the sales increase. Gross margin (net sales minus cost of goods sold) increased significantly in all three of ConAgra's Basic Food industry segments. The single largest increase was by ConAgra Poultry, part of the Prepared Foods segment. Other significant sources of the increase in Prepared Foods included ConAgra Frozen Foods, Cook Family Foods and ConAgra Fresh Meats. ConAgra Grain Processing and Berger were the largest contributors to the gross margin increase in ConAgra's Trading & Processing segment. In the Agri-Products segment, United Agri Products, ConAgra Retail and ConAgra Fertilizer increased gross margin significantly.

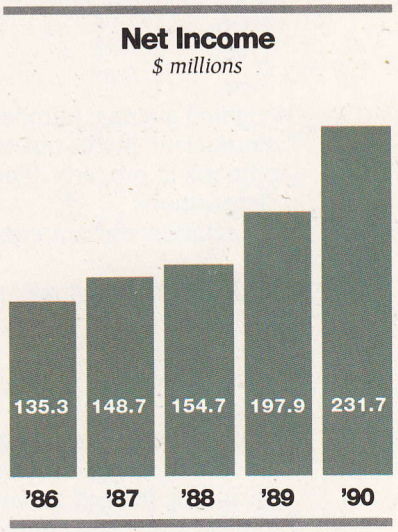
Selling, administrative and general expense increased in all three Basic Food industry segments. The principal sources of the increase were ConAgra Frozen Foods and ConAgra Poultry in the Prepared Foods segment, ConAgra Grain Processing in the Trading & Processing segment and United Agri Products in the Agri-Products segment.

Interest expense was up substantially due mainly to much higher commodity price levels, higher interest rates and increased long-term investment as ConAgra used its borrowing capacity consistent with the company's balance sheet objective.

ConAgra Poultry was the single largest source of the fiscal 1989 pretax earnings increase as industry margins rebounded from the prior year's cyclical downturn. Other significant sources of the increase included ConAgra Flour Milling, ConAgra Specialty Grain Products, Cook Family Foods, ConAgra Retail, ConAgra Fresh Meats, Berger and United Agri Products. These and other increases were partially offset by decreases in a number of businesses, including Camerican, Monfort, ConAgra Frozen Foods and O'Donnell-Usen.

Equity in earnings of unconsolidated subsidiaries declined from $5.4 million in fiscal 1988 to a loss of $37,000 in fiscal 1989. A substantial downward swing in SIPCO's results, larger losses in ConAgra Europe and start-up losses in a ConAgra Grain Processing joint venture more than offset an increase in Trident Seafoods and contributions from a NutriBasics joint venture and Lamb-Weston, a ConAgra joint venture as of the beginning of fiscal 1989.

Income taxes and net income increased in line with the increase in pretax income. Income per share advanced less than net income because weighted average shares outstanding increased, mainly due to shares of ConAgra common stock issued to acquire Cook Family Foods.



Eleven-Year Results

Dollars in thousands except per share amounts

Six-year results, shown first, include restatements in prior years.*
Eleven-year results are shown as actually reported in all years.

Fiscal Year	**1990**	1989	1988
FOR THE YEAR (Restated)			
Net sales	**$15,501,228**	$11,340,414	$9,608,244
Income from continuing operations	**231,710**	197,878	154,698
Earnings per common and common equivalent share — continuing operations	**$1.87**	$1.63	$1.29
Cash dividends declared per share of common stock	**$.578**	$.497	$.432
AT YEAR END (Restated)			
Total assets	**$4,804,161**	$4,278,223	$3,745,340
Long-term debt (noncurrent)	**635,443**	560,114	484,878
Redeemable preferred stock	**2,173**	8,656	9,627

Fiscal Year	**1990**	1989	1988
FOR THE YEAR (As actually reported)			
Net sales	**$15,501,228**	$11,340,414	$9,474,951
Equity in earnings (loss) of unconsolidated subsidiaries	**18,103**	(37)	10,491
Income from continuing operations before income taxes	**356,913**	312,163	240,108
After-tax income from continuing operations	**231,710**	197,878	154,698
Net income	**231,710**	197,878	154,698
Earnings per common and common equivalent share			
Continuing operations	**$ 1.87**	$ 1.63	$ 1.29
Net income	**$ 1.87**	$ 1.63	$ 1.29
Cash dividends declared per share of common stock	**$ .578**	$ .497	$ .432
Market price per share of common stock			
High	**$31.88**	$23.83	$25.33
Low	**$21.17**	$18.00	$13.92
Last	**$30.75**	$22.83	$18.50
Weighted average number of common and common equivalent shares outstanding (000)	**123,190**	120,554	118,782
Additions to property, plant and equipment, including acquisitions	**$349,260**	$241,103	$196,348
Depreciation and amortization	**129,727**	101,658	89,520
AT YEAR END (As actually reported)			
Total assets	**$4,804,161**	$4,278,223	$3,042,898
Current assets	**3,347,776**	3,160,358	2,076,192
Current liabilities	**2,967,506**	2,651,480	1,636,141
Working capital	**380,270**	508,878	440,051
Current ratio — Basic Food Companies			
Excluding hedged commodities**	**1.17:1**	1.29:1	1.37:1
Including hedged commodities	**1.13:1**	1.22:1	1.27:1
Property, plant and equipment, net	**$1,034,660**	$ 825,530	$ 696,061
Capital investment	**1,836,655**	1,626,743	1,406,757
Long-term debt (noncurrent)	**635,443**	560,114	489,878
Redeemable preferred stock	**2,173**	8,656	9,627
Common stockholders' equity	**1,095,785**	949,540	814,393
Stockholders' equity (all classes)	**1,097,958**	958,196	824,020
Common stockholders' equity per share	**$8.93**	$7.87	$6.96

* In the six-year table:
Fiscal years 1985 and 1986 were restated in fiscal 1987 to reflect the two fiscal 1987 mergers accounted for on a pooling-of-interests basis.
Fiscal years 1985 through 1988 were restated in fiscal 1989 to reflect the required consolidation of ConAgra's Finance Companies.
Year-end numbers for fiscal years 1985 through 1988 were restated in fiscal 1989 to reflect a change in ConAgra Fertilizer Company's fiscal year end.

1987	1986	1985
$9,143,519	$7,919,688	$7,305,649
148,726	135,263	107,169
$1.23	$1.12	$ .88
$.373	$.323	$.281
$2,939,007	$2,468,956	$1,914,689
489,370	400,878	284,784
13,329	14,225	23,552

1987	1986	1985	1984	1983	1982	1981	1980
$9,001,553	$5,911,046	$5,498,157	$3,301,524	$2,308,919	$1,709,599	$1,381,701	$847,099
2,789	3,117	1,878	18,116	4,918	(1,233)	300	727
271,526	180,317	151,581	89,718	79,662	52,213	38,200	20,029
148,726	105,285	91,728	65,208	50,384	32,873	27,071	18,515
148,726	105,285	91,728	62,648	47,770	32,873	27,071	18,515
$ 1.23	$ 1.02	$ .89	$ .69	$ .61	$ .56	$ .49	$ .35
$ 1.23	$ 1.02	$ .89	$ .66	$ .57	$ .56	$ .49	$ .35
$ .373	$ .323	$ .281	$.246	$.215	$.185	$.162	$.139
$22.67	$18.71	$11.46	$8.14	$7.19	$5.55	$5.17	$2.19
$16.54	$11.33	$ 7.56	$5.72	$3.78	$3.55	$1.89	$1.67
$17.83	$18.59	$11.33	$7.83	$5.86	$4.81	$4.31	$1.92
119,328	101,787	101,280	91,827	79,740	58,152	54,333	52,677
$178,224	$112,369	$97,525	$140,322	$199,004	$30,321	$35,893	$30,344
77,428	53,584	45,923	33,983	24,128	14,305	12,323	7,672
$2,482,520	$1,819,696	$1,547,138	$1,304,872	$901,514	$488,570	$500,213	$347,548
1,707,119	1,283,476	1,062,875	840,921	593,289	345,496	370,689	246,327
1,236,615	926,158	755,285	618,952	390,012	222,606	275,860	172,943
470,504	357,318	307,590	221,969	203,277	122,890	94,829	73,384
1.51:1	1.52:1	1.59:1	1.46:1	1.65:1	—	—	—
1.38:1	1.39:1	1.41:1	1.36:1	1.52:1	1.55:1	1.34:1	1.42:1
$ 601,896	$ 427,139	$ 373,791	$ 331,216	$253,174	$122,885	$108,534	$ 87,633
1,245,905	893,538	791,853	685,920	511,502	265,964	224,353	174,605
428,670	309,003	261,852	237,723	203,381	96,799	89,368	65,047
13,329	14,225	23,552	30,267	26,471	8,221	8,665	4,470
722,504	510,549	458,253	405,542	273,332	156,451	123,297	100,902
735,833	524,774	481,805	435,809	299,803	164,672	131,973	106,707
$6.17	$5.14	$4.61	$4.08	$3.30	$2.65	$2.23	$1.92

** Not calculated in years before financing objective was revised.

Per share results and number of shares reflect the three-for-two common stock split in 1979, the two-for-one stock split in 1980, the three-for-two stock split in 1984, the two-for-one stock split in 1986 and the three-for-two stock split in 1989.

Corporate Citizenship

As a corporate citizen, ConAgra gives financial support to a long list of organizations for educational, civic, cultural, health and social service programs in our communities. Our policy is to contribute in cash an average of one percent of pretax earnings, over time, to such programs. In addition to cash donations, ConAgra consistently makes substantial in-kind donations of products, equipment and facilities. Our objective is to put our contributions to work where they will be most effective in our communities.

We are especially proud of the personal community involvement of thousands of ConAgrans who give generously of their time, talents and money. Our people play leadership roles in making hundreds of communities better places to live and work.

This year, we highlight a few innovative examples of how ConAgra's financial support and the imagination and commitment of ConAgra people have made a difference …

… *in education:*

- Financial support and volunteer leadership to create the nation's first university agribusiness degree program of its kind, at the University of Nebraska-Lincoln.
- Continuing financial and volunteer contributions to numerous public and private colleges and universities.
- Financial support for a conference on teacher education.
- Financial support for a science camp for grade-school children.

… *in hunger and nutrition:*

- Financial support and volunteer involvement to initiate an extensive, four-agency nutrition education program in a low-income section of Omaha, our corporate headquarters city.
- Funding and volunteers for a program that delivers hot meals to the elderly on Saturdays.
- Numerous donations of products and cash to food banks and Second Harvest.
- Sponsorship of a statewide food drive for small regional pantries and, with the Boy Scouts, a metropolitan food drive.

… *in the arts:*

- Sponsorship of statewide tours of several metropolitan arts groups, to enable citizens in smaller, rural communities to enjoy more of the performing arts.

… *in health care:*

- Financial support to build a long-needed residential facility for head-injured patients in an area where no such facility existed.

… *in rural economic development:*

- Sponsorship of a series of leadership seminars in rural areas and small towns.
- Sponsorship of a seven-community cooperative project on rural economic development.

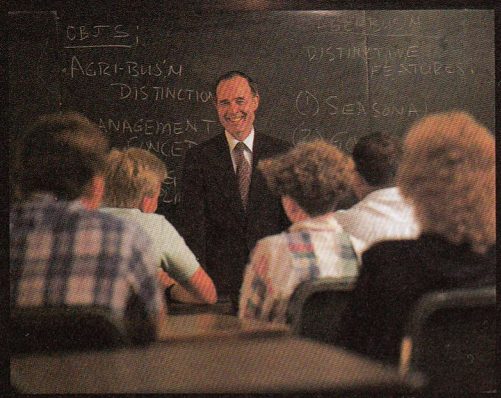
… *in disaster relief:*

- Financial aid and food product donations for disaster relief after the earthquakes in Armenia and San Francisco, Hurricane Hugo in Puerto Rico and South Carolina, and a devastating tornado in Limon, Colorado.
- Donation of 20 miles of fencing materials to help farmers and ranchers in northwest Nebraska replace fences destroyed in a fire.

… *in civic projects:*

- Sponsorship of a program to paint houses for low-income elderly and disabled adults — and dozens of ConAgra volunteers who spent a day painting.

INNOVATION
in corporate philanthropy



The most lasting contribution of all is the contribution that makes a difference for future generations. Nine years ago, ConAgra funded a pilot program to address an identified need: better educational preparation for careers in agribusiness. Today the University of Nebraska Agribusiness Program serves as a model for the nation, has graduated 128 agribusiness majors and recently added a graduate program. ConAgra has contributed several hundred thousand dollars to the program and, separately, funds an on-going scholarship program totaling 16 scholarships per year.

Photo: Marty Colladay, ConAgra vice president of public affairs, provided strong leadership in establishing an agribusiness degree program.

Board of Directors

Board Committees

Executive Committee
Robert B. Daugherty, *Chairman*
Philip B. Fletcher
Charles M. Harper
Walter Scott, Jr.
William G. Stocks

Audit Committee
Thomas R. Williams, *Chairman*
Robert A. Krane
Kenneth W. Monfort
Frederick B. Wells

Compensation Committee
L.D. McGehee, *Chairman*
Claude I. Carter
Robert B. Daugherty
Gerald Rauenhorst



Standing from left to right:
L.D. McGehee, Walter Scott, Jr., Frederick B. Wells, Robert A. Krane, Kenneth W. Monfort, Claude I. Carter, Gerald Rauenhorst, William G. Stocks, Thomas R. Williams

Seated from left to right:
Robert B. Daugherty, Charles M. Harper, Philip B. Fletcher

CLAUDE I. CARTER, 70
Daphne, Alabama. Former president and chief executive officer of ConAgra. Director since 1964.

ROBERT B. DAUGHERTY, 68
Omaha, Nebraska. Chairman of the board of Valmont Industries, Inc., Valley, Nebraska (irrigation equipment, metal fabricating and retail computer centers). Director since 1968.

PHILIP B. FLETCHER, 57
Omaha, Nebraska. President and chief operating officer of ConAgra. Director since 1989.

CHARLES M. HARPER, 62
Omaha, Nebraska. Chairman of the board and chief executive officer of ConAgra. Director since 1975.

ROBERT A. KRANE, 56
Denver, Colorado. Former president and chief executive officer of Central Bancorporation (financial services). Director since 1982.

L.D. McGEHEE, 68
Ruston, Louisiana. Chairman of the board of Northwest Louisiana Production Credit Association (agricultural financing). Director since 1974.

KENNETH W. MONFORT, 61
Greeley, Colorado. Former president and chief operating officer of ConAgra Red Meat Companies. Director since 1989.

GERALD RAUENHORST, 62
Minneapolis, Minnesota. Chairman of the board and chief executive officer of Opus Corporation (architects, contractors and developers). Director since 1982.

WALTER SCOTT, JR., 59
Omaha, Nebraska. President and chairman of the board of Peter Kiewit Sons', Inc. (construction, mining and packaging). Director since 1986.

WILLIAM G. STOCKS, 63
Phoenix, Arizona. Former chairman of the board and chief executive officer of Peavey Company. Director since 1982.

FREDERICK B. WELLS, 62
Minneapolis, Minnesota. President of Asian Fine Arts, Inc. (fine arts retailing). Director since 1982.

THOMAS R. WILLIAMS, 61
Atlanta, Georgia. President of Wales Group Inc. (investment management and counseling). Director since 1978.

Principal Officers

EXECUTIVE OFFICE

MIKE HARPER, 62
Chairman and Chief Executive Officer
CEO since 1976, chairman since 1981. Joined ConAgra as chief operating officer in 1974 after 20 years with The Pillsbury Company, where his responsibilities at various times included the poultry and foodservice businesses, several venture companies, research, product and process development, and engineering. Also previously associated with General Motors.

PHIL FLETCHER, 57
President and Chief Operating Officer
Named president and chief operating officer of ConAgra in 1989; named to the Office of the President in 1984. Joined ConAgra in 1982 as president of Banquet Foods Company. Thirty-two years of food industry experience; formerly associated with Heublein Company, H.J. Heinz, U.S.A. and Campbell Soup Company.

OFFICE OF THE PRESIDENT

GEORGE HAEFNER, 57
President and Chief Operating Officer, ConAgra Poultry Company
Named to the Office of the President in 1986. Joined ConAgra in 1982 as president of Country Pride Foods. Thirty-three years of food and poultry industry experience; formerly associated with The Pillsbury Company and Imperial Foods.

FLOYD MCKINNERNEY, 53
President and Chief Operating Officer, ConAgra Agri-Products Companies
Named to the Office of the President in 1987. Joined ConAgra in 1978 as president of Mid Valley Chemicals. Twenty-nine years of experience in the agricultural chemical industry; formerly co-owner of Dennison's Chemical Company, Weslaco, Texas.

DICK MONFORT, 36
President and Chief Operating Officer, ConAgra Red Meat Companies
Named to the Office of the President in 1989. Joined ConAgra in 1987 when Monfort of Colorado, Inc. merged with ConAgra. President of Monfort 1987-1989. Sixteen years of meat industry experience in purchasing, production, sales and management.

TRUCK MORRISON, 52
President and Chief Operating Officer, ConAgra International, and Chief Operating Officer, ConAgra Grain Processing Companies
Named to the Office of the President in 1987. Joined ConAgra in 1982 when Peavey Company merged with ConAgra. Twenty-nine years of experience in the grain merchandising and commodity trading industries.

JIM TINDALL, 44
President and Chief Operating Officer, ConAgra Prepared Food Companies
Named to the Office of the President when he joined ConAgra in May 1990. Twenty years of food and consumer goods industry experience with The Quaker Oats Company, most recently as senior vice president and general manager, North American Foods; previously various other general management, marketing, sales and product management positions.

CORPORATE

MANAGEMENT EXECUTIVE COMMITTEE

EXECUTIVE OFFICE

CHARLES M. HARPER
Chairman and Chief Executive Officer

PHILIP B. FLETCHER
President and Chief Operating Officer

OFFICE OF THE PRESIDENT

GEORGE R. HAEFNER
President and Chief Operating Officer
ConAgra Poultry Company

FLOYD MCKINNERNEY
President and Chief Operating Officer
ConAgra Agri-Products Companies

RICHARD L. MONFORT
President and Chief Operating Officer
ConAgra Red Meat Companies

JAMES R. TINDALL
President and Chief Operating Officer
ConAgra Prepared Food Companies

T. TRUXTUN MORRISON
President and Chief Operating Officer
ConAgra International & *Chief Operating Officer,* ConAgra Grain Processing Companies

DAVID T. PETERS
Vice President, Controller

JOHN B. PHILLIPS
Assistant to the Chairman

L.B. THOMAS
Vice President, Finance and Secretary

GERALD B. VERNON
Vice President, Human Resources

CORPORATE STAFF

WALTER H. CASEY
Vice President, Corporate Communications

MARTIN G. COLLADAY
Vice President, Public Affairs

JOHN J. DILL
Vice President, Taxes

P. DAVID EPPENAUER
Vice President, Assistant Corporate Controller

RICHARD L. GADY
Vice President, Economic Research

C. WAYNE GANO, JR.
Vice President, Insurance and Loss Control

REEDER P. JONES
Vice President, Assistant Corporate Controller

L. JAMES KENNEDY
Vice President, Corporate Director of Marketing

PAUL A. KORODY
Vice President, Government Affairs

JAMES P. O'DONNELL
Corporate Treasurer

DAVID G. PEDERSON
Vice President, Compensation and Benefits

JOSEPH V. PETTY
Vice President, Management Information Systems

LYNN L. PHARES
Vice President, Public Relations

SCOTT W. RAHN
Corporate Vice President, Internal Development

DONALD J. STONE
Vice President, Transportation

ROBERT J. WHITE
Vice President, Corporate Planning and Development

INDEPENDENT OPERATING COMPANIES

CONAGRA AGRI-PRODUCTS COMPANIES
GEORGE W. DOERING, *Chairman*

FLOYD MCKINNERNEY
President and Chief Operating Officer

CONAGRA FERTILIZER COMPANY
JACK D. SATTERWHITE, *President*

CHARLES M. GRAU
Executive Vice President, North American Group

JAMES A. WRIGHT
Executive Vice President, International Group

CONAGRA RETAIL COMPANIES
ANTHONY J. SEITZ, *President*

COUNTRY GENERAL STORES
ANTHONY J. SEITZ, *President*

NORTHWEST FABRICS & CRAFTS
DEAN C. EMMANS, *President*

NUTRIBASICS COMPANY
DANIEL T. ROSE, *Vice President and General Manager*

UNITED AGRI PRODUCTS COMPANIES
PHILIP J. JAMES, *President*

WILLIS J. HOLLAND
Executive Vice President

DUWAYNE H. OSTLUND
Executive Vice President

J. RONALD UELAND
Executive Vice President

DONALD W. WITTNAM
Executive Vice President

CONAGRA FOODSERVICE COMPANIES
ANTHONY J. REBELLO, *President*

CONAGRA GRAIN PROCESSING COMPANIES
T. TRUXTUN MORRISON
Chief Operating Officer

THOMAS L. MANUEL, *President*

CONAGRA FEED COMPANY
CLARENCE T. BARINOWSKI, *President*

CONAGRA FEED INGREDIENT MERCHANDISING COMPANY
GARY P. WHITE, *President*

CONAGRA FLOUR MILLING COMPANY
THOMAS L. MANUEL, *President*

CONAGRA SPECIALTY GRAIN PRODUCTS COMPANY
MICHAEL D. WALTER, *President*

CONAGRA INTERNATIONAL
T. TRUXTUN MORRISON
President and Chief Operating Officer

ROBERT H. PEYTON
Executive Vice President, and President, ConAgra Eastern Europe and ConAgra Soviet Union

KENNETH C. DAVIS
Executive Vice President, Far East

RAYMOND R. DESTIN
Executive Vice President, Europe

NOEL L. ROBYN
Executive Vice President, Latin America

CONAGRA ASIA-PACIFIC
KENNETH C. DAVIS, *Managing Director*

CHAMPACA COMPANY, LTD. (joint venture)
BOONLERD CHAREONKUL
Managing Director

CONAGRA INTERNATIONAL FAR EAST LTD. (joint venture)
MILLIE CHU, *General Manager*

D.R. JOHNSTON GROUP, PTY, LTD. (joint venture)
KENNETH T. DUNNETT and PETER D. JOHNSTON
Managing Directors

CONAGRA EUROPE
RAYMOND R. DESTIN
Managing Director

BIOTER-BIONA, S.A.
SAPROGAL, S.A.
MICHAEL T. LAPSYS
Director General, ConAgra Spain

SAPROPOR, S.A.R.L
ARTUR M. NOGUEIRA
Vice President and Chief Operating Officer, ConAgra Portugal

GELAZUR, S.A. (joint venture)
ROGER KOURCIA, *Chairman*

SOCIETE ANONYME MEDITERRANEENNE DE SALAISONS (majority interest)
ROGER ODIENNE, *Chairman*
ERIC ODIENNE, *General Manager*

CONAGRA LATIN AMERICA
NOEL L. ROBYN, *Managing Director*

CONAGRA CARIBBEAN DISTRIBUTORS, INC.
HECTOR L. LOPEZ
Managing Director

MOLINOS DE PUERTO RICO, INC.
EDWIN PEREZ, *President*

TO-RICOS, INC.
ENRIQUE A. CABRERO
Managing Director

CONAGRA TRADING COMPANIES
THOMAS M. RACCIATTI, *President*

BERGER AND COMPANY
PETER R. BERGER, *President*

CAMERICAN INTERNATIONAL
NORMAN J. OPPENHEIMER, *Chairman*
LAWRENCE G. ABRAMSON, *President*

CONAGRA GRAIN COMPANIES
THOMAS M. RACCIATTI, *President*

PETROSUL INTERNATIONAL LTD.
JEROME F. DEAN, *Chairman*

EDMOND E. PRICE
Vice President and General Manager

WOODWARD & DICKERSON
JEROME F. DEAN
President and Chief Executive Officer

GELDERMANN, INC.
KEVIN D. MACK, *President and Chief Executive Officer*

CONAGRA POULTRY COMPANY
GEORGE R. HAEFNER
President and Chief Operating Officer

CONAGRA BROILER COMPANY
CLYDE M. SASSER, *President*

CONAGRA TURKEY COMPANY
JERRY R. NELSON, *President*

LONGMONT FOODS
MICHAEL P. STREAR, *President*

MOTT'S INC.
ROBERT E. GLAUB, *President*

PROFESSIONAL FOOD SYSTEMS
KENNETH P. BROWN, *President*

CONAGRA PREPARED FOOD COMPANIES
JAMES R. TINDALL
President and Chief Operating Officer

CONAGRA DIRECT MARKETING COMPANIES
PATRICK K. STEWART, *President*

CONAGRA CONSUMER DIRECT
WILLIAM F. CRONIN, *President*

CONAGRA PET PRODUCTS COMPANY
MICHAEL R. LEINEN, *President*

DYNO MERCHANDISE CORP.
LEE R. GARDNER, *President*

CONAGRA FROZEN FOODS
JAMES R. TINDALL, *President*

CONAGRA SHRIMP COMPANIES
SINGLETON SEAFOOD COMPANY
JESSE GONZALEZ, *President*

INTERNATIONAL SEAFOOD TRADERS
DAVID P. CORDY
Vice President and General Manager

WALDCO ENTERPRICES
ARTHUR L. WALDMAN and IRA E. WALDMAN, *Executive Vice Presidents*

COUNTRY SKILLET CATFISH COMPANY
RICHARD D. STEVENS, *President*

HOME BRANDS COMPANY
WILLIAM S. MARSDEN, *President*

O'DONNELL-USEN FISHERIES CORPORATION
JESSE GONZALEZ, *President, O'Donnell-Usen U.S.A.*

SAMUEL B. HANNAM
Executive Vice President and General Manager, O'Donnell-Usen Canada

TRIDENT SEAFOODS CORPORATION (45-percent owned)
CHARLES H. BUNDRANT, *President*

PHILIP B. FLETCHER, *President and Chief Operating Officer, ConAgra, Inc.*

ARMOUR DAIRY AND FOOD OILS COMPANY
BOB J. POWDRILL, *President*

ARMOUR FOOD COMPANY
JOHN R. MILLER, *President*

CONAGRA DELI COMPANY
JAMES R. BABKA, *President*

LAMB-WESTON, INC. (joint venture)
ROBERT G. COWAN, *Managing Director*

CONAGRA RED MEAT COMPANIES
RICHARD L. MONFORT
President and Chief Operating Officer

CONAGRA FRESH MEATS COMPANY
ALAN E. GLUECK, *President*

COOK FAMILY FOODS, LTD.
HARRY L. COOK, *Chairman and Chief Executive Officer*

EUGENE J. DEMBKOSKI
President and Chief Operating Officer

E.A. MILLER INC.
TED A. MILLER, *President*

MAPELLI BROTHERS COMPANY
DONALD D. MUELLER, *President*

MONFORT, INC.
MICHAEL L. SANEM, *President*

MONFORT PORK DIVISION
DAVID W. VAN WERT, *President*

ConAgra Grain Companies
Headquarters in Minneapolis, Minnesota.
International trading offices as described above. Seven additional grain merchandising offices in the U.S. and a U.S. network of over 100 grain elevators, river loading facilities and export elevators in 18 states. Barge line based in Missouri.

Petrosul International Ltd.
Headquarters in Vancouver, British Columbia.
Warehouse and shipping facilities in Vancouver. Two sulfur processing facilities in British Columbia, one in Alberta and a merchandising office in Alberta.

Woodward & Dickerson
Headquarters in Bryn Mawr, Pennsylvania.
International trading offices as described above.

Geldermann, Inc.
Headquarters in Chicago, Illinois.
More than 100 commodity futures brokerage offices, agencies and introducing brokers in the U.S., Canada and Europe.

CONAGRA POULTY COMPANY

Headquarters in El Dorado, Arkansas.

ConAgra Broiler Company
Headquarters in El Dorado, Arkansas.
Eight broiler growing and processing divisions in Alabama, Arkansas, Delaware, Georgia, Louisiana and Maryland. One poultry further-processing plant in Maryland.

ConAgra Turkey Company
Headquarters in El Dorado, Arkansas.
Two turkey growing and processing divisions in California and Missouri.

Longmont Foods
Headquarters, turkey growing complex and processing plant in Longmont, Colorado.

Mott's Inc.
Headquarters in Water Valley, Mississippi.
Five processing plants in Georgia, Kentucky, Mississippi and Texas.

Professional Food Systems
Headquarters in El Dorado, Arkansas.
Twenty-two sales and distribution units in 14 states.

CONAGRA PREPARED FOOD COMPANIES

Headquarters in Omaha, Nebraska.

Armour Dairy and Food Oils Company
Headquarters in Omaha, Nebraska.
Two plants and a research and development facility in Kentucky and a plant in Wisconsin. A spice plant in Illinois and seasonings plants in Massachusetts, Michigan and New Jersey.

Armour Food Company
Headquarters in Omaha, Nebraska.
Ten plants in Iowa, Kentucky, Missouri, Nebraska, Oregon and Texas. Twenty sales offices in 17 states. Product development facility in Omaha.

ConAgra Deli Company
Headquarters in Omaha, Nebraska.

ConAgra Direct Marketing Companies
Headquarters in Santa Ana, California.

ConAgra Consumer Direct
Headquarters and distribution facilities in Burr Ridge, Illinois.

Dyno Merchandise Corp.
Headquarters and warehouse in Fort Lauderdale, Florida.

ConAgra Pet Products Company
Headquarters in Omaha, Nebraska.
Pet accessories distribution and manufacturing operations in California, Nebraska, Oregon, Virginia and Canada.

ConAgra Frozen Foods
Headquarters in Omaha, Nebraska.
Eight plants in Arkansas, California, Iowa, Missouri and Virginia. Two broiler growing and processing complexes in Arkansas. Product development facility in Omaha.

ConAgra Shrimp Companies
Headquarters in Tampa, Florida.

International Seafood Traders
Headquarters in Tampa, Florida.
Processing, freezing and storage operations in Mississippi and Louisiana; waterfront unloading facilities and satellite sales office in Louisiana.

Singleton Seafood Company
Headquarters in Tampa, Florida.
Main processing plant in Florida; waterfront unloading and initial processing facilities in Florida and Texas.

Waldco Enterprises
Headquarters in New York, New York.
Sales office in New York and satellite sales office in Chicago.

Country Skillet Catfish Company
Headquarters in Isola, Mississippi .
Processing operations in Isola and Belzoni, Mississippi.

O'Donnell-Usen Fisheries Corporation
Headquarters in Boston, Massachusetts.
Processing plants in Massachusetts, Nova Scotia and Prince Edward Island. Fishing operations in Canada.

Home Brands Company
Headquarters in Ballwin, Missouri.
Production facilities in Georgia and Minnesota.

Lamb-Weston, Inc. (joint venture)
Headquarters in Kennewick, Washington.
Seven plants in Idaho, Oregon and Washington, and a research and development lab in Washington.

Trident Seafoods Corporation (45-percent owned)
Headquarters in Seattle, Washington.
Three plants in Alaska and two in Washington. Two catcher processors and six floating processors in the Bering Sea and North Pacific Ocean.

CONAGRA RED MEAT COMPANIES

Headquarters in Greeley, Colorado.

ConAgra Fresh Meats Company
Headquarters in Greeley, Colorado.
Three plants in Idaho, Nebraska and Texas.

Cook Family Foods, Ltd.
Headquarters in Lincoln, Nebraska.
Three plants in Nebraska, Kentucky and Michigan.

E.A. Miller Inc.
Headquarters in Hyrum, Utah.
Processing facilities in Utah and a feedlot in Idaho.

Mapelli Brothers Company
Headquarters in Greeley, Colorado.
Fifty-six sales and distribution branches in 28 states.

Monfort, Inc.
Headquarters in Greeley, Colorado.
Eleven plants in Colorado, Iowa, Kansas, Minnesota, Missouri and Nebraska. Three feedlots in Colorado.

Monfort Finance Company
Headquarters in Greeley, Colorado.

Investor Information

ConAgra Stockholders

At the end of fiscal 1990, approximately 122.7 million shares of ConAgra common stock were outstanding. There were about 14,500 stockholders of record and an estimated 26,000 beneficial holders whose shares are held in names other than their own. (These figures do not include the large number of employees holding stock through the ConAgra Retirement Income Savings Plan, the Employee Stock Ownership Plan, or the Employee Payroll Stock Purchase Plan.)

ConAgra stockholders reside in all 50 states, the District of Columbia and a number of overseas locations.

Stock Splits

ConAgra's common stock was split three-for-two effective December 1, 1989. The previous stock split was two-for-one effective December 1, 1986.

ConAgra stock has split five times since 1979. One share of common stock purchased prior to the 1979 split would have been 13½ shares in 1990.

Dividend Increases

ConAgra's dividend objective and a five-year record of results are on page 5 of this report. The common stock dividend was increased 17 percent, effective December 1, 1989. The two previous increases were 15 percent in December 1988 and 15.5 percent in December 1987. The common stock annual dividend rate has quadrupled since fiscal 1980, from about 15¢ to 60¢.

Stock Listing and Performance

ConAgra's common stock is listed on the New York Stock Exchange. The ticker symbol is CAG. Current share price and related information can be found in the financial section of most daily newspapers. On page 32 of this report is an eleven-year summary giving the high, low and closing prices of ConAgra shares each fiscal year. For the two most recent fiscal years, the high and low prices for each quarter are shown on page 60.

During fiscal 1990, there were approximately 46.4 million shares traded, for a daily average of 184,087 shares. During fiscal 1989, there were about 30.9 million shares traded, for a daily average of 122,141 shares.

Dividend Reinvestment Plan

ConAgra's stockholders of record may elect to have common and/or preferred dividends automatically reinvested in ConAgra common stock. Participating stockholders also may invest from $10 to $3000 a calendar quarter to purchase additional shares of common stock. Both services are free ... stockholder participants pay no brokerage commissions or bank fees to purchase stock.

If you are interested in this plan, please request a copy of ConAgra's dividend reinvestment brochure and enrollment card from Manufacturers Hanover Trust Company, P.O. Box 24134, Church Street Station, New York, New York 10242-4134, or the Corporate Secretary, ConAgra, Inc., One Central Park Plaza, Omaha, Nebraska 68102 (new address as of September 15, 1990: ConAgra, Inc., One ConAgra Drive, Omaha, Nebraska 68102-5001). Or, simply return the prepaid postcard included with each quarterly dividend check.

Annual Meeting of Stockholders

The annual meeting of ConAgra's stockholders will be held on Thursday, September 27, 1990 at 2 p.m. at the Red Lion Inn, 1616 Dodge Street, Omaha, Nebraska.

We encourage stockholders to participate in this meeting in person or by proxy. We invite stockholders who attend in person to come for a light product sampling, which will be served from 1 until 1:45 p.m. Stockholder registration also begins at 1 p.m.

Availability of 10K Report

The Form 10K is an annual filing with the Securities and Exchange Commission. Stockholders may obtain a copy of the Form 10K annual report for fiscal 1990 by calling or writing to the Corporate Communications Department, ConAgra, Inc., One Central Park Plaza, Omaha, Nebraska 68102, (402) 978-4157. (As of September 15, 1990 . . . ConAgra, Inc., One ConAgra Drive, Omaha, Nebraska 68102-5001, (402) 595-4157.)

Corporate Headquarters

In mid-September, ConAgra corporate headquarters will be moved to a new riverfront campus in downtown Omaha, just east of 10th and Howard streets.

Before September 15, 1990:
ConAgra, Inc.
One Central Park Plaza
Omaha, Nebraska 68102
(402) 978-4000

As of September 15, 1990:
ConAgra, Inc.
One ConAgra Drive
Omaha, Nebraska 68102-5001
(402) 595-4000

Stock Transfer Agent and Registrar

Manufacturers Hanover Trust Co., 450 West 33rd Street, New York, New York 10001, (212) 613-7147. The stock transfer agent can help stockholders with questions about their ConAgra shares.

Auditors

Deloitte & Touche

Legal Counsel

McGrath, North, Mullin & Kratz, P.C.,
Omaha, Nebraska.

General Counsel: Bruce C. Rohde

Assistant General Counsel: David L. Hefflinger

Stockholder Relations

ConAgra maintains an active investor relations program to keep stockholders and potential investors informed about company activities. We welcome comments and questions from our stockholders. Anytime you would like information about ConAgra, we encourage you to call or write to Walt Casey or Lynn Phares in our Corporate Communications Department, ConAgra, Inc., One Central Park Plaza, Omaha, Nebraska 68102, (402) 978-4154 or 4153. (As of September 15, 1990: One ConAgra Drive, Omaha, Nebraska 68102-5001, (402) 595-4154 or 4153.)

Responsibilities

The Conduct of Our Affairs

The major objectives of the company are expressed in terms of return on stockholders' equity, growth in earnings and growth in dollar volume. As we conduct ourselves in the pursuit of our existing businesses and in the growth of our businesses in an ethical and moral way, we must also fulfill our commitments to our government, to our society and to ourselves as individuals. In one sense, ethics involves the point of view that suggests we live in a glass bowl, and we should feel comfortable with any actions we take, if they were shared publicly. Further, we will conduct our affairs within the law.

Should there be evidence of possible malfeasance on the part of any officer or member of management, each person must feel the responsibility to communicate that to the appropriate party. This is a commitment that each of us must undertake and not feel that it is a high-risk communication, but that it is expected and, indeed, an obligation.

– from *ConAgra's Philosophy*, page 4
(originally published in 1976)

Principal Officers

The principal officers of the company include, among others, those listed on pages 36 and 37 of this report. The principal officers are responsible for maintaining throughout the company a system of internal controls which protect the assets of the company on a reasonable and economic basis. They also are responsible for maintaining records which permit the preparation of financial statements that fairly present the financial condition and results of operations of the company in accordance with generally accepted accounting principles.

Audit Committee of the Board

The Audit Committee of ConAgra's Board of Directors is composed entirely of outside directors and recommends the appointment of the company's independent public accountants. The Audit Committee meets regularly, and when appropriate separately, with the independent public accountants, the internal auditors and financial management. Both the independent public accountants and the internal auditors have unrestricted access to the Audit Committee.

Independent Auditors' Report

The Stockholders and Board of Directors
ConAgra, Inc.

We have audited the accompanying consolidated balance sheets of ConAgra, Inc. and subsidiaries, ConAgra Basic Food Companies and ConAgra Finance Companies, as of May 27, 1990 and May 28, 1989, and the related statements of earnings, common stockholders' equity and cash flows for each of the three years in the period ended May 27, 1990. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ConAgra, Inc. and subsidiaries, ConAgra Basic Food Companies and ConAgra Finance Companies, as of May 27, 1990 and May 28, 1989, and the results of their operations and their cash flows for each of the three years in the period ended May 27, 1990 in conformity with generally accepted accounting principles.

Deloitte & Touche

July 6, 1990
Omaha, Nebraska

Consolidated Financial Statements

ConAgra, Inc. and Subsidiaries

Consolidated Statements of Earnings

In thousands except per share amounts

For the fiscal years ended May	CONSOLIDATED 1990	1989	1988
Net sales	**$15,501,228**	**$11,340,414**	**$9,608,244**
Costs and expenses			
Cost of goods sold	13,846,580	9,873,918	8,389,314
Selling, administrative and general expenses	1,151,315	1,022,031	899,082
Interest expense (Note 8)	170,553	132,265	80,943
Nonrecurring items, net (Note 17)	(6,030)	–	–
	15,162,418	11,028,214	9,369,339
Income before equity in earnings of unconsolidated subsidiaries and income taxes	338,810	312,200	238,905
Equity in earnings (loss) of unconsolidated subsidiaries (Note 4)	18,103	(37)	5,443
Income before income taxes	356,913	312,163	244,348
Income taxes (Note 7)	125,203	114,285	89,650
Net income	**231,710**	**197,878**	**154,698**
Less preferred dividends	1,310	895	1,171
Net income available for common stock	$ 230,400	$ 196,983	$ 153,527
Income per common and common equivalent share	**$ 1.87**	**$ 1.63**	**$ 1.29**
Weighted average number of common and common equivalent shares outstanding	123,190	120,554	118,782

BASIC FOOD COMPANIES			FINANCE COMPANIES		
1990	1989	1988	1990	1989	1988
$15,321,106	**$11,196,600**	**$9,474,951**	**$180,122**	**$143,814**	**$133,293**
13,846,580	9,873,918	8,389,314	–	–	–
1,009,985	906,354	788,624	141,330	115,677	110,458
146,160	113,189	67,396	24,393	19,076	13,547
(6,030)	–	–	–	–	–
14,996,695	10,893,461	9,245,334	165,723	134,753	124,005
324,411	303,139	229,617	14,399	9,061	9,288
17,797	(326)	5,169	306	289	274
342,208	302,813	234,786	14,705	9,350	9,562
118,550	110,528	85,410	6,653	3,757	4,240
223,658	**192,285**	**149,376**	**8,052**	**5,593**	**5,322**
1,310	895	1,171	–	–	–
$ 222,348	$ 191,390	$ 148,205	$ 8,052	$ 5,593	$ 5,322
$ 1.80	**$ 1.59**	**$ 1.25**	**$ .07**	**$ .04**	**$ .04**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

May 27, 1990 and May 28, 1989

Dollars in thousands except per share amount

ASSETS	CONSOLIDATED 1990	CONSOLIDATED 1989	BASIC FOOD COMPANIES 1990	BASIC FOOD COMPANIES 1989	FINANCE COMPANIES 1990	FINANCE COMPANIES 1989
Current assets						
Cash	$ 42,961	$ 130,535	$ 38,741	$ 126,702	$ 4,220	$ 3,833
Cash equivalents	77,561	249,903	2,819	179,638	74,742	70,265
Receivables, less allowance for doubtful accounts of $32,816 and $29,238	1,300,002	1,094,853	1,009,959	810,388	290,043	284,465
Margin deposits and segregated funds	212,948	226,550	–	–	212,948	226,550
Recoverable income taxes	5,783	5,030	5,783	5,030	–	–
Inventories (Note 3)						
Hedged commodities	586,769	431,130	586,769	431,130	–	–
Other	1,061,986	951,948	902,009	771,836	159,977	180,112
	1,648,755	1,383,078	1,488,778	1,202,966	159,977	180,112
Prepaid expenses	59,766	70,409	53,387	54,401	6,379	16,008
Total current assets	**3,347,776**	**3,160,358**	**2,599,467**	**2,379,125**	**748,309**	**781,233**
Other assets						
Investments in unconsolidated subsidiaries (Notes 2 and 4)	136,098	147,674	133,105	144,291	2,993	3,383
Sundry investments, deposits and noncurrent receivables	32,164	26,345	19,391	15,343	12,773	11,002
Total other assets	**168,262**	**174,019**	**152,496**	**159,634**	**15,766**	**14,385**
Property, plant and equipment (Note 8)						
Cost (Note 5)	1,703,544	1,397,724	1,690,022	1,383,208	13,522	14,516
Less accumulated depreciation	668,884	572,194	659,703	563,241	9,181	8,953
Property, plant and equipment, net	**1,034,660**	**825,530**	**1,030,319**	**819,967**	**4,341**	**5,563**
Unamortized finance expense	1,990	2,074	1,990	2,074	–	–
Trademarks and goodwill, at cost less accumulated amortization of $41,735 and $27,334	251,473	116,242	236,316	100,146	15,157	16,096
	$4,804,161	**$4,278,223**	**$4,020,588**	**$3,460,946**	**$783,573**	**$817,277**

LIABILITIES AND STOCKHOLDERS' EQUITY	CONSOLIDATED 1990	CONSOLIDATED 1989	BASIC FOOD COMPANIES 1990	BASIC FOOD COMPANIES 1989	FINANCE COMPANIES 1990	FINANCE COMPANIES 1989
Current liabilities						
Notes payable (Note 6)	$ 331,417	$ 330,950	$ 133,961	$ 35,000	$ 197,456	$ 295,950
Current installments of long-term debt	51,413	41,058	51,413	41,058	–	–
Accounts payable and accrued liabilities	1,390,080	1,427,356	1,346,467	1,403,204	43,613	24,152
Advances on sales	704,659	427,477	704,659	427,477	–	–
Payable to customers, clearing associations, etc.	426,142	389,006	–	–	426,142	389,006
Dividends payable	18,376	15,671	18,376	15,671	–	–
Income taxes (Note 7)	45,419	19,962	45,419	19,962	–	–
Total current liabilities	**2,967,506**	**2,651,480**	**2,300,295**	**1,942,372**	**667,211**	**709,108**
Long-term debt, excluding current installments (Note 8)	**635,443**	**560,114**	**605,443**	**530,114**	**30,000**	**30,000**
Deferred income taxes (Note 7)	**103,254**	**108,433**	**103,254**	**108,433**	–	–
Commitments and contingencies (Notes 12 & 13)						
Preferred shares subject to mandatory redemption (Notes 9 and 11)	**2,173**	**8,656**	**2,173**	**8,656**	–	–
Common stockholders' equity (Notes 9 & 10)						
Common stock of $5 par value, authorized 600,000,000 shares; issued 122,852,450 and 121,453,937	614,262	404,846	614,262	404,846	493	493
Additional paid-in capital	3	–	3	–	69,676	69,676
Retained earnings	490,579	560,681	490,579	560,681	15,473	7,420
Foreign currency translation adjustment	1,347	589	1,347	589	720	580
	1,106,191	966,116	1,106,191	966,116	86,362	78,169
Less treasury stock, at cost – common shares 123,167 and 843,434	(2,407)	(16,576)	(2,407)	(16,576)	–	–
Less unearned restricted stock	(7,999)	–	(7,999)	–	–	–
Less equity of Finance Companies	–	–	(86,362)	(78,169)	–	–
Total common stockholders' equity	**1,095,785**	**949,540**	**1,009,423**	**871,371**	**86,362**	**78,169**
	$4,804,161	**$4,278,223**	**$4,020,588**	**$3,460,946**	**$783,573**	**$817,277**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Common Stockholders' Equity

Columnar dollars in thousands

	Common Stock	Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustment	Treasury Stock	Unearned Restricted Stock	Total
Balance at May 31, 1987	$394,379	$ 165	$342,973	$ (661)	$(24,051)	$ –	**$712,805**
269,700 shares issued in connection with employee stock option plans	–	–	(3,018)	–	5,182	–	2,164
231,258 shares issued in connection with incentive plans	–	335	–	–	4,450	–	4,785
112,500 shares issued in connection with the executive stock purchase plan	–	–	(1,529)	–	2,154	–	625
Conversion of 148,689 shares of preferred stock into 687,113 shares of common stock	615	383	(6,743)	–	9,463	–	3,718
451,370 shares issued in connection with acquisitions	–	–	–	–	7,767	–	7,767
Purchase of 1,751,949 shares for treasury	–	–	–	–	(32,235)	–	(32,235)
Foreign currency translation adjustment	–	–	–	2,149	–	–	2,149
Cash dividends declared							
Preferred stock	–	–	(1,171)	–	–	–	(1,171)
Common stock, $.43 per share	–	–	(50,611)	–	–	–	(50,611)
Net income	–	–	154,698	–	–	–	154,698
Balance at May 29, 1988	394,994	883	434,599	1,488	(27,270)	–	**804,694**
684, 821 shares issued in connection with employee stock option plans	–	–	(8,828)	–	13,388	–	4,560
278,339 shares issued in connection with incentive plans	–	142	–	–	5,242	–	5,384
504,000 shares issued in connection with the executive stock purchase plan	–	–	(7,938)	–	9,550	–	1,612
326 shares issued from treasury in connection with the acquisition of Peavey Company	–	–	–	–	6	–	6
Conversion of 38,822 shares of preferred stock into 179,363 shares of common stock	–	–	(2,483)	–	3,453	–	970
Purchase of 1,025,715 shares for treasury	–	–	–	–	(20,945)	–	(20,945)
2,955,669 shares issued in connection with the acquisition of Cook Family Foods, Ltd.	9,852	(1,025)	7,816	–	–	–	16,643
Foreign currency translation adjustment	–	–	–	(899)	–	–	(899)
Cash dividends declared							
Preferred stock	–	–	(895)	–	–	–	(895)
Common stock, $.50 per share	–	–	(59,468)	–	–	–	(59,468)
Net income	–	–	197,878	–	–	–	197,878
Balance at May 28, 1989, carried forward	$404,846	–	$560,681	$ 589	$(16,576)	–	**$949,540**

Columnar dollars in thousands

	Common Stock	Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustment	Treasury Stock	Unearned Restricted Stock	Total
Balance at May 28, 1989, brought forward	$404,846	$ –	$560,681	$ 589	$(16,576)	$ –	**$ 949,540**
641,706 shares issued in connection with employee stock option plans	–	–	(8,697)	–	15,290	–	6,593
697,869 shares issued in connection with incentive plans	–	1,726	–	–	14,363	(7,999)	8,090
1,160,983 shares issued in connection with acquisitions (Note 16)	4,745	(1,822)	895	–	17	–	3,835
Conversion of 259,408 shares of preferred stock into 1,198,740 shares of common stock	1,197	99	(19,061)	–	24,249	–	6,484
Purchase of 1,578,946 shares for treasury	–	–	–	–	(39,750)	–	(39,750)
Three-for-two stock split	203,474	–	(203,506)	–	–	–	(32)
Foreign currency translation adjustment	–	–	–	758	–	–	758
Cash dividends declared							
Preferred stock	–	–	(1,310)	–	–	–	(1,310)
Common stock, $.58 per share	–	–	(70,133)	–	–	–	(70,133)
Net income	–	–	231,710	–	–	–	231,710
Balance at May 27, 1990	$614,262	$ 3	$490,579	$1,347	$ (2,407)	$(7,999)	**$1,095,785**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

Dollars in thousands

For the fiscal years ended May	CONSOLIDATED		
Increase (Decrease) in Cash and Cash Equivalents	1990	1989	1988
Cash flows from operating activities			
Net income	$ 231,710	$ 197,878	$ 154,698
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	129,727	101,658	93,131
Provision for losses on accounts receivable	18,057	19,658	9,391
Writedown of property, plant and equipment in connection with realignment of processed meats operations	13,634	–	–
Undistributed (earnings) loss of unconsolidated subsidiaries	(18,103)	37	(5,443)
Issuance of common stock in connection with the management incentive plans	8,090	5,384	4,785
Change in assets and liabilities before effects from business acquisitions			
Accounts receivable	(94,956)	112,121	(419,060)
Inventory	(187,224)	(133,694)	(219,342)
Prepaid expenses	10,924	(11,862)	(12,481)
Accounts payable and accrued expenses	180,507	101,652	518,762
Interest and income taxes payable	29,440	(1,507)	(238)
Noncurrent deferred income taxes	(5,179)	14,513	11,457
Net cash flows from operating activities	**316,627**	**405,838**	**135,660**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	8,662	21,805	19,547
Additions to property, plant and equipment	(196,290)	(163,536)	(137,585)
Increase in investment in unconsolidated subsidiaries	(24,655)	(35,396)	(61,113)
Change in equity of Finance Companies	–	–	–
Increase in trademarks	(1,722)	(9,305)	(4,134)
Payment for business acquisitions	(17,596)	(149,596)	(76,476)
Other items	(4,933)	(11,398)	670
Net cash flows from investing activities	**(236,534)**	**(347,426)**	**(259,091)**
Cash flows from financing activities			
Net short-term borrowings	(111,701)	68,650	179,500
Proceeds from issuance of long-term debt	73,904	116,782	81,590
Proceeds from exercise of employee stock options	6,593	4,560	2,164
Redemption of SIPCO preferred stock	(28,201)	–	–
Cash dividends paid	(69,796)	(58,365)	(48,563)
Repayment of long-term debt	(174,526)	(32,384)	(90,556)
Treasury stock purchases	(39,750)	(20,945)	(32,235)
Other items	3,468	894	7,731
Net cash flows from financing activities	**(340,009)**	**79,192**	**99,631**
Net increase (decrease) in cash and cash equivalents	**(259,916)**	**137,604**	**(23,800)**
Cash and cash equivalents at beginning of year	380,438	242,834	266,634
Cash and cash equivalents at end of year	**$120,522**	**$380,438**	**$242,834**

BASIC FOOD COMPANIES			FINANCE COMPANIES		
1990	1989	1988	1990	1989	1988
$ 223,658	$ 192,285	$ 149,376	$ 8,052	$ 5,593	$ 5,322
124,739	97,665	89,520	4,988	3,993	3,611
14,593	14,571	7,818	3,464	5,087	1,573
13,634	–	–	–	–	–
(17,797)	326	(5,169)	(306)	(289)	(274)
8,090	5,384	4,785	–	–	–
(99,516)	(29,730)	(141,249)	4,560	141,851	(277,811)
(207,359)	46,418	(219,342)	20,135	(180,112)	–
1,295	4,141	(12,476)	9,629	(16,003)	(5)
123,988	138,027	386,796	56,519	(36,375)	131,966
29,362	(1,598)	(427)	78	91	189
(5,179)	14,513	11,457	–	–	–
209,508	**482,002**	**271,089**	**107,119**	**(76,164)**	**(135,429)**
8,509	21,548	17,553	153	257	1,994
(195,513)	(162,054)	(136,348)	(777)	(1,482)	(1,237)
(25,351)	(36,036)	(61,793)	696	640	680
(141)	(10,376)	(23,288)	141	10,376	23,288
(1,722)	(9,305)	(4,134)	–	–	–
(17,596)	(149,596)	(76,476)	–	–	–
(959)	(3,919)	502	(3,974)	(7,479)	168
(232,773)	**(349,738)**	**(283,984)**	**(3,761)**	**2,312**	**24,893**
(13,207)	(4,300)	35,000	(98,494)	72,950	144,500
73,904	116,782	51,590	–	–	30,000
6,593	4,560	2,164	–	–	–
(28,201)	–	–	–	–	–
(69,796)	(58,365)	(48,563)	–	–	–
(174,526)	(32,384)	(29,856)	–	–	(60,700)
(39,750)	(20,945)	(32,235)	–	–	–
3,468	894	7,731	–	–	–
(241,515)	**6,242**	**(14,169)**	**(98,494)**	**72,950**	**113,800**
(264,780)	**138,506**	**(27,064)**	**4,864**	**(902)**	**3,264**
306,340	167,834	194,898	74,098	75,000	71,736
$ 41,560	**$306,340**	**$167,834**	**$78,962**	**$74,098**	**$ 75,000**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended May 27, 1990, May 28, 1989 and May 29, 1988

Columnar dollar amounts in thousands except per share amounts

1. Summary of Significant Accounting Policies

Consolidation and Financial Statement Presentation

The consolidated financial statements include nonhomogeneous financial companies. In order to present more meaningful financial statements, management believes that the balance sheets and results of operations of the consolidated company should be further grouped and separately presented as follows:

Basic Food Companies: Except for the elimination of investment and equity in earnings of the Finance Companies, these financial statements include all consolidated operations on the same basis as reported prior to the adoption in fiscal 1989 of Statement of Financial Accounting Standards No. 94, "Consolidation of All Majority-Owned Subsidiaries."

Finance Companies: Includes a commodity brokerage business, Geldermann, Inc., and the following finance companies: Monfort Finance Company, United Agri Products Financial Services, Inc., Weld Agricultural Credit Inc. and Weld Insurance Company, Inc.

No parent company guarantees have been issued supporting borrowings of the Finance Companies. The parent company will remain liable for borrowings of United Agri Products Financial Services, Inc. while it is in the process of ceasing operations.

Thus, the consolidated financial statements include the accounts of ConAgra, Inc. and all majority-owned subsidiaries, except certain foreign companies that are not material to the Company. All significant intercompany investments, accounts and transactions have been eliminated.

The accounts of two wholly owned subsidiaries, ConAgra Fertilizer Company and United Agri Products, Inc., have been consolidated on the basis of a year ending February 28. Such fiscal period corresponds with those companies' natural business year.

The investments in and the operating results of 50-percent-or-less-owned companies and the foreign companies referred to above are included in the financial statements on the basis of the equity method of accounting.

Inventories

Grain, flour and major feed ingredient inventories are hedged to the extent practicable and are generally stated at market including adjustment to market of open contracts for purchases and sales. Short-term interest expense incurred to finance hedged inventories is included in cost of sales in order to properly reflect gross margins on hedged transactions. Except for certain food products and livestock inventories which are stated at the lower of last-in, first-out (LIFO) cost or market, inventories not hedged are priced at the lower of average cost or market.

Property and Depreciation

Property, plant and equipment are carried at cost. Depreciation has been calculated using primarily the straight-line method over the estimated useful lives of the related assets.

Amortization of Intangibles

Unamortized finance expense is being amortized over the life of the related obligations.

Trademarks are being amortized over a 40-year period.

Goodwill arising from the excess of cost of investment over equity in net assets at date of acquisition is being amortized using the straight-line method over periods varying from 20 to 40 years.

Net Sales

Gross margins earned from grain and feed ingredients merchandised are included in net sales.

Income Taxes

The parent company and all eligible wholly owned subsidiaries subject to United States income taxes file a consolidated federal income tax return.

Deferred income taxes are provided for temporary differences between financial and tax reporting in accordance with Statement of Financial Accounting Standards No. 96.

The aforementioned Statement No. 96 was adopted at the beginning of fiscal 1989, and had no material effect on the profit after tax or financial position of the Company.

Retirement Benefits

The Company and its subsidiaries have retirement plans covering most salaried and hourly employees. Total pension expense includes provisions for retirement benefits, interest on unfunded past service costs, and amortization of past service costs over a 30-year period. The Company has adopted a policy of funding accrued pension costs to the extent deductible for tax purposes.

Beginning in fiscal 1985, the estimated costs of medical benefits to retiring employees are accrued prior to retirement and are not funded. The estimated costs of medical benefits to be provided to retired employees which have not been accrued at May 27, 1990 are approximately $90,344,000. The costs of medical benefits provided for all retired employees for 1990, 1989 and 1988 amounted to $5,236,000, $2,686,000 and $2,256,000, respectively.

Earnings Per Share

Earnings per common and common equivalent share are calculated on the basis of the weighted average outstanding common shares and, when applicable, those outstanding options that are dilutive and after giving effect to the preferred stock dividend requirements. Fully diluted earnings per share did not differ significantly from primary earnings per share in any period presented.

Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

2. Business Combinations

Subsequent Event

On June 7, 1990, ConAgra, Inc. (ConAgra) and Beatrice Company (Beatrice) executed agreements relating to the merger of Beatrice with a wholly owned subsidiary of ConAgra. Beatrice is privately held, with more than a majority of its common stock owned by partnerships affiliated with Kohlberg Kravis Roberts & Co. Beatrice files reports under the Securities Exchange Act of 1934 in connection with certain outstanding debt instruments.

Beatrice is a producer and marketer of a wide range of food products for the retail, foodservice and industrial markets. The Chicago-based company has 63 major manufacturing or distribution facilities in 20 states and Canada and employs 15,900 people. Sales for the fiscal year ended February 28, 1990 were $4.3 billion.

The Agreement and Plan of Merger (the Agreement) between ConAgra and Beatrice with respect to the merger provides for ConAgra to pay approximately $626 million in cash (net of certain warrant proceeds), $355 million in ConAgra common stock and $355 million in ConAgra preferred stock, for an aggregate total of approximately $1.34 billion. The mix of cash and stock is subject to certain potential adjustments to preserve a tax-free transaction. In addition, approximately $1.07 billion of long-term debt and approximately $.98 billion of other noncurrent liabilities of Beatrice will be assumed by ConAgra.

Substantially all of the preferred stock will consist of an issue of convertible preferred stock with a dividend rate of 6.75%, convertible into ConAgra common stock at 115% of the value of ConAgra common stock determined pursuant to the Agreement. ConAgra common stock will be valued at the average of $30.6563 and the midpoint of trading prices for the ten trading days commencing fifteen trading days prior to the closing, subject to certain minimum and maximum value provisions. Closing is expected to occur promptly following expiration of waiting periods under the Hart-Scott-Rodino Act.

ConAgra presently intends that the cash portion of the purchase price and transaction costs, aggregating approximately $651 million, will be financed from borrowed funds. ConAgra has not made final decisions with regard to the form of borrowings that will be used in the transaction. However, ConAgra presently intends that borrowings will be long-term in nature and will be at fixed interest rates.

ConAgra presently intends to supplement its financing facilities with a $1 billion multiyear revolving credit agreement. A portion of this facility may be available for "bridging" of merger financing needs.

1990

At May 28, 1989, the Company had a 50-percent equity interest in the parent of SIPCO, Inc. and Val-Agri, Inc. (SIPCO/Val-Agri). In July 1989, the Company purchased the remaining 50-percent interest from Elkhorn Enterprises, Inc., effective May 29, 1989. The consideration for the purchase was the assumption by the Company of $51,500,000 of long-term debt owed by Elkhorn Enterprises, Inc. In addition, long-term debt and preferred stock of SIPCO totaling $160,036,000 were assumed.

On May 31, 1989, the Company purchased the Sergeant's Pet Care Division of A. H. Robins Company for approximately $18,000,000 in cash.

1989

In June 1988, L. W. Acquisition, Inc. (LWA), a joint venture company owned equally by the Company and Golden Valley Microwave Foods, Inc. (Golden Valley) acquired all of the outstanding capital stock of Lamb-Weston, Inc. (Lamb-Weston) from Amfac Foods, Inc. Lamb-Weston is a major processor of frozen potato products in the United States. Its major product line is french fries which are marketed primarily to fast-food restaurants and other foodservice markets. The purchase price was approximately $280,000,000. The Company and Golden Valley each made $25,000,000 cash investments in LWA. LWA obtained $262,000,000 of senior debt bank financing, which is collateralized by the assets and capital stock of Lamb-Weston. The Company and Golden Valley have agreed to provide LWA supplemental funding support up to $12,500,000 each, upon the occurrence of specified events.

In October 1988, ConAgra acquired all of the outstanding capital stock of Cook Family Foods, Ltd. (Cook) in exchange for 3,267,000 shares of ConAgra common stock, including option shares for Cook employees, in a transaction which has been accounted for as a pooling of interests. Cook produces branded smoked ham products and markets them nationally through retail channels. Financial information for periods prior to this transaction have not been restated because of immateriality and, accordingly, results of operations have been included since the date of acquisition.

In February 1989, the Company acquired the grain merchandising division of The Pillsbury Company (including receivables and grain inventories) for approximately $153,000,000 in cash plus the assumption of approximately $4,000,000 in long-term debt. The acquired business operates grain handling and storage facilities in the Midwest.

1988

In May 1988, the Company purchased the assets of International Multifoods' U.S. flour milling business for approximately $76,000,000 in cash and the assumption of approximately $15,000,000 in long-term debt. International Multifoods' U.S. flour milling business manufactures and markets flour for commercial uses.

Except for Cook, all of these transactions have been recorded as purchases. Results of operations of all of these acquired companies have been included in the financial statements since the effective dates of acquisition.

The following unaudited summary, prepared on a pro forma basis, combines the consolidated results of operations of the Company for the years ended May 27, 1990 and May 28, 1989, with those of companies acquired as of May 27, 1990 described above, as well as the parent of SIPCO/Val-Agri as described in Note 4, as if such acquisitions had occurred May 30, 1988.

	1990	1989
Net sales	$15,501,228	$14,365,138
Net income	231,710	199,681
Earnings per common and common equivalent share	$1.87	$1.61

During fiscal 1990, 1989 and 1988, the Company acquired certain other businesses, the revenues and net earnings of which did not significantly affect consolidated results.

3. Inventories

The major classes of inventories at year end are as follows:

	1990	1989
BASIC FOOD COMPANIES		
Hedged commodities	$ 586,769	$ 431,130
Food products	435,712	296,952
Agricultural chemicals, fertilizer and feed	201,091	206,869
Retail merchandise	99,918	96,649
Other, principally ingredients and supplies	165,288	171,366
	1,488,778	1,202,966
FINANCE COMPANIES		
Livestock	159,977	180,112
	$1,648,755	$1,383,078

The cost of certain food products and livestock inventories stated under the last-in, first-out (LIFO) method is $203,270,000 and $243,000,000 at May 27, 1990 and May 28, 1989, respectively. Had these inventories been stated at lower of principally first-in, first-out (FIFO) costs or market, they would have been $64,500,000 and $70,730,000 greater than reported at May 27, 1990 and May 28, 1989, respectively.

4. Investments in and Advances to Unconsolidated Subsidiaries

At the beginning of fiscal 1988, the Company had equity interests in Saprogal and Sapropor, food companies operating in Spain and Portugal, respectively, and Trident Seafoods Corporation, a company operating in the Northwest Pacific seafood industry. During fiscal 1988, the Company purchased a 50-percent interest in a corporation which controls SIPCO/Val-Agri. The Company purchased stock and other securities for approximately $51,500,000 in cash, and had an option to purchase the remaining 50 percent.

During fiscal 1989 the Company acquired a 50-percent interest (decreased to approximately 47.7 percent at the end of fiscal 1990) in the parent of Lamb-Weston.

During fiscal 1990, the Company acquired the remaining 50-percent interest in the parent of SIPCO/Val-Agri and the accounts of this company have been included in the fiscal 1990 consolidated financial statements (see Note 2). Thus, at May 27, 1990 the Company had equity interests in Saprogal (100 percent), Sapropor (75 percent), Trident Seafoods (45 percent) and Lamb-Weston (47.7 percent), all included as investments in unconsolidated subsidiaries under the equity method of accounting.

Summary financial information of these companies and certain other individually insignificant businesses, as of the end of each year presented, is set forth below and includes amounts since date of acquisition of each respective equity interest (in thousands):

	1990	1989	
Current assets	$ 413,133	$ 504,508	
Noncurrent assets	406,916	635,413	
Total assets	820,049	$1,139,921	
Current liabilities	306,810	434,356	
Noncurrent liabilities	281,970	442,269	
Total liabilities	588,780	876,625	
Net assets	$ 231,269	$ 263,296	
ConAgra's investment	$ 136,098	$ 147,674	
	1990	**1989**	**1988**
Net sales	$1,233,464	$4,293,538	$2,787,820
Net income	$ 30,606	$ 17,150	$ 17,152
ConAgra's equity in earnings (loss)	$ 18,103	$ (37)	$ 5,443

5. Property, Plant and Equipment

Following is a detail of property, plant and equipment cost:

	CONSOLIDATED		BASIC FOOD COMPANIES		FINANCE COMPANIES	
	1990	1989	1990	1989	1990	1989
Land	$ 41,727	$ 35,300	$ 41,726	$ 35,300	$ 1	$ –
Buildings, machinery and equipment	1,480,017	1,170,588	1,475,984	1,166,500	4,033	4,088
Autos, trucks, trailers, etc.	48,910	62,109	47,577	59,923	1,333	2,186
Furniture and fixtures	65,415	54,880	57,512	47,858	7,903	7,022
Construction in progress	67,475	74,847	67,223	73,627	252	1,220
	$1,703,544	$1,397,724	$1,690,022	$1,383,208	$13,522	$14,516

6. Short-Term Credit Facilities and Borrowings

At May 27, 1990, the Company had $331,417,000 of short-term borrowings outstanding against short-term credit lines from banks which totaled approximately $3,032,700,000, including a $520,000,000 revolving credit and term loan commitment (see Note 8); a $280,000,000 revolver, which matures on November 1, 1994; and uncompensated bankers' acceptance and money market loan facilities approximating $2,232,700,000. Borrowings under all three of the revolver agreements are at or below prime rate and may be prepaid without penalty. The Company pays fees for its revolving credit facilities.

ConAgra finances its short-term needs with bank borrowings, commercial paper borrowings and bankers' acceptances. The average short-term borrowings outstanding under these facilities for the 1990 fiscal year were $1,333,690,000. This excludes $65,714,000 of short-term borrowings which were classified as long-term throughout the fiscal year. The highest period-end short-term indebtedness was $1,735,567,000. Short-term borrowings were at rates below prime.

All outstanding borrowings at May 27, 1990 applicable to the Finance Companies are not guaranteed by ConAgra, Inc. or any non-Finance Company entity.

7. Income Taxes

Income taxes computed by applying the statutory rates to income before income taxes are reconciled to the provision for income taxes set forth in the financial statements as follows:

	1990	1989	1988
Computed U.S. federal income taxes	$ 121,350	$ 106,135	$ 85,522
State income taxes net of federal tax benefit	10,901	9,525	5,416
Equity in earnings of unconsolidated subsidiaries	(4,655)	–	(2,519)
Other	(2,393)	(1,375)	1,231
Income taxes provided	$ 125,203	$ 114,285	$ 89,650

The provision for income taxes includes the following:

	1990	1989	1988
Current			
Federal	$104,477	$ 81,639	$67,792
State	19,501	16,250	11,012
Foreign	11,998	7,722	6,524
	135,976	105,611	85,328
Deferred	(10,773)	8,674	4,322
	$125,203	$114,285	$89,650

Deferred tax expense (benefit) results from temporary differences in the recognition of revenue and expenses and basis of assets and liabilities for tax and financial statement purposes. The sources of these differences and the tax effect of each were as follows:

	1990	1989	1988
Depreciation and amortization	$ 7,356	$ 9,663	$ 7,974
Accrued expenses	(11,992)	(4,248)	(2,338)
Other	(6,137)	3,259	(1,314)
Total deferred taxes	$(10,773)	$ 8,674	$ 4,322

8. Long-Term Debt and Loan Agreements

	1990	1989
BASIC FOOD COMPANIES		
Revolving credit and term loan agreements from banks (unsecured)	$118,000	$ 15,500
Commercial paper backed by long-term revolving credit commitments	–	120,550
8.31% to 9.98% publicly issued unsecured Medium -Term Notes due in various amounts in 1992 through 2004	220,750	154,800
9.43% unsecured note due in 1992	51,500	–
9% unsecured note due in 1997	50,000	50,000
8.8% unsecured note due in annual installments of $1,250,000 from 1998 through 2016 and the balance due in 2017	25,000	25,000
12.6% unsecured note due in semi-annual installments of $14,000,000 through 1992	14,000	42,000
12% unsecured notes due in annual installments of $1,000,000 through 2000, and the balance due in 2001	9,000	11,000
10% to 10.375% unsecured notes due in annual installments of $650,000 in 1992 through 2000, and the balance due in 2001 (net of unamortized discount of $552,000 and $666,000 based on imputed rates of from 12.5% to 13%)	6,198	7,734
Unsecured notes, $12,657,000 maturing in 1994 and $12,700,000 in 1995, with interest at 65% of prime rate	25,357	25,357
12.5% unsecured note due in annual installments of $5,000,000 thru 1993 with balance due in 1994	11,000	–
Industrial Development Revenue Bonds (collateralized by plant and equipment) 4.875% to 10% lease obligations, maturing serially from $2,158,000 in 1992 to $1,000,000 in 2007	16,699	12,635
5% to 7.2% lease obligations due in various amounts through 2007 (net of unamortized discount of $2,846,000 and $3,165,000 based on imputed rates of 5.9% to 9.6%)	21,810	22,787
Lease obligation, payable $654,000 quarterly to 1996, with interest at 63% to 72% of prime rate	4,486	7,102
Miscellaneous	31,643	35,649
Total long-term debt, excluding current installments – Basic Food Companies	605,443	530,114
FINANCE COMPANIES		
Geldermann, Inc. subordinated notes due 1992	30,000	30,000
Consolidated long-term debt, excluding current installments	$635,443	$560,114

The aggregate minimum principal maturities of the long-term debt for each of the five years following May 27, 1990 are as follows:

	BASIC FOOD COMPANIES	FINANCE COMPANIES
1991	$51,413	$ –
1992	41,655	30,000
1993	79,257	–
1994	48,479	–
1995	65,542	–

Under the terms of an unsecured revolving credit and term loan agreement with 17 banks, the Company can borrow up to $520,000,000 extending to August 23, 1994, when the borrowings may be converted to a term loan payable in three equal annual installments. Borrowings are at or below prime rate and may be prepaid without penalty.

The Company may prepay, in whole or in part, the 8.8% unsecured note at any time after March 1, 1995 through February 28, 2007, with penalties equal to the excess of the present value of the prepaid principal and interest over the then outstanding principal. Penalties on prepayments from March 1, 2007 to April 1, 2017 are at declining rates from 2.9% to 0% of principal prepaid.

The Company may prepay, in whole or in part, the 12.6% unsecured notes at any time after November 1, 1990, at a penalty of 1.8% of principal prepaid.

Under the terms of the 12% unsecured notes, the Company has the option to prepay, without penalty, a maximum of $4,000,000 in annual installments not in excess of the required annual payments otherwise due on the notes.

Geldermann's subordinated notes are placed with banks and are subordinated to the claims of present and future general creditors. The loans bear interest on a floating rate basis at a premium over the bank certificate of deposit rate (11.7% at May 27, 1990) and mature on July 31, 1991. The loan agreements stipulate that these loans cannot be repaid if such repayment would cause Geldermann, Inc. not to meet its regulatory capital requirements.

During fiscal 1990 the Company amended its loan covenants and restrictions. The most restrictive note agreements (both revolving credit facilities and certain privately placed long-term debt) now provide that the lenders have the option to put the debt back to the Company if both Moody's Investor Service and Standard & Poor's Corporation rate the Company's long-term debt below investment grade. Also, under the note agreements, the Company may not permit funded debt to exceed 60 percent of consolidated capital base.

Net interest expense consists of:

	1990	1989	1988
BASIC FOOD COMPANIES			
Long-term debt	$ 62,999	$ 52,244	$41,896
Short-term debt	100,552	73,637	31,222
Finance expense	398	530	197
Bank service and facility fees	3,358	3,421	3,095
Interest income	(16,430)	(14,615)	(8,326)
Interest capitalized	(4,717)	(2,028)	(688)
Total Basic Food Companies	146,160	113,189	67,396
FINANCE COMPANIES			
Long-term debt	3,856	4,719	4,569
Short-term debt	20,537	14,357	8,978
Total Finance Companies	24,393	19,076	13,547
Consolidated net interest expense	$170,553	$132,265	$80,943

Short-term debt interest expense of $19,494,000, $21,991,000 and $10,128,000 in 1990, 1989 and 1988, respectively, incurred to finance hedged inventories, has been charged to cost of goods sold.

9. Capital Stock

The Company has authorized shares of preferred stock as follows:

Class B - $50 par value; 150,000 shares
Class C - $100 par value; 250,000 shares
Class D - without par value; 1,100,000 shares
Class E - without par value; 2,500,000 shares

All classes are cumulative, nonparticipating and shall be issued in series with such designations, preferences, rights and limitations as the Board of Directors may establish. Such designation shall distinguish the shares of each series from the shares of all other series and classes.

The following limitations apply as to payment of dividends and as to distribution of assets upon liquidation, distribution or winding up of the Company:

Class C - May not be given any priority over any shares of Class B preferred stock.
Class D - May not be given any priority over Class B or Class C preferred stock.
Class E - May not be given any priority over Class B, Class C or Class D preferred stock.

On September 28, 1989, the Company's stockholders approved an amendment to the Certificate of Incorporation increasing the authorized common stock from 300,000,000 to 600,000,000 shares, $5 par value.

Effective December 1, 1989, the Company issued 40,694,791 shares of common stock, including 123,914 shares added to treasury stock, in connection with a three-for-two stock split. All references in the financial statements with regard to number of shares of common stock and related dividends and per share amounts have been restated to reflect the stock split.

10. Stock Options and Rights

Stock option plans approved by the stockholders provide for the granting of options to employees for the purchase of common stock at prices equal to fair market value at the time of grant, and for the issuance of restricted or bonus stock without direct cost or at reduced cost to the employee. During fiscal 1990, 390,000 shares of restricted stock were issued. The value of the restricted and bonus stock, equal to fair market value at the time of grant, is being amortized as compensation expense or will be paid by a reduction in current and future incentive compensation liabilities to the employee. The compensation expense for fiscal 1990 was $1,049,750. For the most part, options granted are exercisable in five equal annual installments and expire ten years after date of grant. For participants under the long-term senior management incentive plan, options are not exercisable for three to five years from the date of grant. The option shares are subject to changes in capitalization.

The changes in the outstanding stock options during the three years ended May 27, 1990 are summarized below:

	Shares	Option Price Per Share - Range
Balance at May 31, 1987	3,344,973	$ 1.91 - 20.75
Granted	1,233,585	14.50 - 18.08
Exercised	(269,700)	1.91 - 18.13
Canceled	(177,927)	4.78 - 20.25
Balance at May 29, 1988	4,130,931	1.91 - 20.75
Granted	1,537,640	3.74 - 20.75
Exercised	(684,821)	1.91 - 20.67
Canceled	(200,580)	4.78 - 20.67
Balance at May 28, 1989	4,783,170	4.11 - 20.75
Granted	1,284,874	20.25 - 29.13
Exercised	(641,706)	4.11 - 26.00
Canceled	(152,735)	6.78 - 26.00
Balance at May 27, 1990	5,273,603	$ 4.39 - 29.13
Exercisable at May 27, 1990	3,001,809	

At May 27, 1990, 771,446 shares were reserved for granting additional options and restricted or bonus stock awards.

On September 25, 1979, the stockholders approved an Executive Stock Purchase Plan under which the Company was authorized, during any or all calendar years through 1985, to sell contracts for the purchase of a maximum of 2,700,000 shares of its common stock at fair market value to certain key executives. During the two years ended May 28, 1989, contracts for the purchase of 504,000 (1989) and 112,500 (1988) shares were exercised. As of May 28, 1989, all contracts had been exercised.

On July 10, 1986, the Board of Directors of the Company declared a dividend of one common share purchase right (Rights) on each outstanding share of common stock of the Company for stockholders of record on July 25, 1986. All shares of common stock issued after July 10, 1986 carry a Right. Each Right will entitle the holder thereof until the earlier of July 24, 1996, or the redemption of the Rights, to buy one share of common stock at an exercise price of $66.67. The Rights will be represented by the common stock certificates and will not be exercisable or transferable apart from the common stock until the earlier of the tenth day after announcement that a person or group (Acquiring Person) has acquired beneficial ownership of 20 percent or more of the common stock or the tenth day after a person commences, or announces an intention to commence, an offer for 30 percent or more of the common stock. In the event that (i) any person or group becomes an Acquiring Person, or (ii) the Company is acquired in a merger or other business combination transaction or 50 percent or more of the Company's assets or earning power is sold, each holder of a Right (other than the Acquiring Person) will thereafter have the right to receive, upon exercise, shares of common stock (of the Company under (i) and of the acquiring company under (ii)) having a value of twice the exercise price of the Right. The Company may redeem the Rights at $.0167 per Right at any time before a person becomes an Acquiring Person.

At May 27, 1990, 122,729,283 shares of common stock were reserved for exercise of the Rights.

11. Preferred Shares Subject to Mandatory Redemption

	1990	1989
Outstanding – Class D $2.50 cumulative convertible, outstanding 86,904 shares in 1990 and 346,252 shares in 1989	$2,173	$8,656

The Company shall call the voting, convertible, cumulative Class D, $2.50 preferred stock for redemption on or prior to July 20, 1990 and on each July 20 thereafter a number of shares of $2.50 cumulative, convertible preferred stock equal to 5 percent, and at the option of the Company up to 10 percent, of the aggregate number of shares issued by paying in cash $25.00 per share plus accrued dividends. All or any portion of the $2.50 cumulative, convertible preferred stock may be called for redemption by the Company at any time at prices ranging from $25.25 (1991) to $25.00 (1992 and thereafter) plus accrued dividends. The holders of the Class D, $2.50 preferred stock have the option at any time to convert their shares to common stock at the rate of 4.62 shares of common stock for each share of $2.50 cumulative, convertible preferred stock. During 1990 and 1989, 259,408 and 38,822 shares of $2.50 cumulative, convertible preferred stock were converted into 1,198,740 and 179,363 shares of common stock, respectively. Conversions are applied against redemption requirements.

At May 27, 1990, 401,627 shares of common stock were reserved for conversion of Class D preferred stock.

12. Commitments

Certain facilities and transportation equipment are leased under agreements expiring at various dates during the next 17 years. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Substantially all leases require payment of property taxes, insurance and maintenance costs in addition to rental payments.

A summary of rent expense charged to operations follows:

	1990	1989	1988
Cancelable	$ 60,562	$ 51,427	$ 41,652
Noncancelable	81,383	73,465	59,683
	$141,945	$124,892	$101,335

A summary of noncancelable operating lease commitments follows:

	Type of Property	
Fiscal Years Ending in	Real and Other Property	Transportation Equipment
1991	$53,547	$31,898
1992	47,729	27,145
1993	40,592	25,621
1994	34,276	23,616
1995	27,786	21,098
Later Years	60,032	79,605

For the most part, the Company's operations in Puerto Rico are supplied from the United States by ocean transportation under terms of a time charter. Charter fees are considered cost of product on an as-delivered basis and are not reflected as rent expense. The current charter, which expires December 31, 2000, includes a provision for standby charges as defined of approximately $9,000 per day when the equipment is not in use. Since the Company's demand for shipping is substantially in excess of the capacity of the equipment under charter, standby charges have not been incurred.

In connection with its trading activities, the Company had letters of credit and performance bonds outstanding at May 27, 1990, aggregating approximately $413,000,000.

13. Contingencies

There was no litigation at May 27, 1990 which, in the opinion of management, would have a significant effect on the financial position of the Company.

14. Retirement Plans

The Company and its subsidiaries have defined benefit retirement plans (Plan) for eligible salaried and hourly employees. Benefits are based on years of credited service and average compensation or stated amounts for each year of service. Plan assets are primarily invested in equity securities, corporate and government securities and common trust funds. In fiscal 1989 and 1988, plans with accumulated benefits exceeding plan assets were not material.

Consolidated pension costs consisted of the following:

	1990			
	Plan Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Plan Assets	1989	1988
Service cost	$ 13,551	$ 892	$ 11,700	$ 11,578
Interest cost	14,724	10,823	13,820	12,140
Actual return on plan assets	(29,542)	(10,544)	(17,930)	(3,263)
Net amortization and deferral	12,584	1,372	1,102	(12,228)
Credit for merger	–	–	(172)	–
Net pension costs	$ 11,317	$ 2,543	$ 8,520	$ 8,227

The funded status of the plans at February 28, 1990 and February 28, 1989, dates of the most recent actuarial report, was as follows:

	1990		
	Plan Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Plan Assets	1989
Plan assets at fair value	$229,374	$116,582	$206,253
Projected benefit obligation			
Actuarial present value of vested benefits	151,444	131,479	139,707
Actuarial present value of nonvested benefits	7,208	1,667	13,394
	158,652	133,146	153,101
Additional obligation of projected compensation increases	40,912	656	38,325
	199,564	133,802	191,426
Plan assets in excess of (less than) projected benefit obligations	$ 29,810	$ (17,220)	$ 14,827
Consisting of:			
Unrecognized transition asset	$ 34,161	$ (264)	$ 36,116
Unrecognized prior service cost	(8,901)	(1,845)	(4,181)
Unrecognized net gain (loss)	9,620	(143)	(5,205)
Adjustment to recognize minimum liability	–	3,168	–
Accrued pension cost on consolidated balance sheet	(5,070)	(18,136)	(11,903)
	$ 29,810	$ (17,220)	$ 14,827

Plan assets include 853,314 shares of the Company's common stock at a fair market value of $22,506,000 at February 28, 1990.

The actuarial projected benefit obligation was determined using an assumed discount rate of 8.5% and a long-term rate of compensation increases of 5.5% to 6.0%. Pension costs were determined using a long-term rate of return of 8.5% for 1990 and 1989 and 8.0% for 1988.

The Company and its subsidiaries are also participants in multi-employer pension plans covering a small number of hourly employees. Costs associated with these plans are not significant.

15. Business Segments

The Company has four business segments with operations principally limited to the United States. Intersegment sales have been recorded at amounts approximating market. Operating profit for each of the segments is based on net sales less all identifiable operating expenses and includes the related equity in earnings of companies included on the basis of the equity method of accounting. General corporate expense, interest expense (except Finance Companies segment) and income taxes have been excluded from segment operations. All assets other than cash (except Finance Companies segment) and those assets related to the corporate office have been identified with the segments. For the Finance Companies segment, operating profit includes the effect of interest, which is a large element of its operating costs.

	1990	1989	1988
Sales to unaffiliated customers			
Basic Food Companies			
Agri-Products	$ 2,330,206	$ 2,242,694	$ 1,962,561
Trading & Processing	1,959,217	1,869,008	1,379,894
Prepared Foods	11,031,683	7,084,898	6,132,496
	15,321,106	11,196,600	9,474,951
Finance Companies	180,122	143,814	133,293
Total	$15,501,228	$11,340,414	$9,608,244
Intersegment sales			
Basic Food Companies			
Agri-Products	$ 22,638	$ 28,038	$ 17,696
Trading & Processing	99,998	65,564	47,588
Prepared Foods	18,158	24,389	30,726
	140,794	117,991	96,010
Intersegment elimination	(140,794)	(117,991)	(96,010)
Total	$ –	$ –	$ –
Net sales			
Basic Food Companies			
Agri-Products	$ 2,352,844	$ 2,270,732	$ 1,980,257
Trading & Processing	2,059,215	1,934,572	1,427,482
Prepared Foods	11,049,841	7,109,287	6,163,222
	15,461,900	11,314,591	9,570,961
Intersegment elimination	(140,794)	(117,991)	(96,010)
	15,321,106	11,196,600	9,474,951
Finance Companies	180,122	143,814	133,293
Total	$15,501,228	$11,340,414	$ 9,608,244

Operating profit			
Basic Food Companies			
Agri-Products	$ 87,177	$ 82,129	$ 55,894
Trading & Processing	97,502	83,397	72,653
Prepared Foods	349,239	293,102	205,004
	533,918	458,628	333,551
Finance Companies	15,897	9,637	9,791
Total	549,815	468,265	343,342
General corporate expenses	46,742	42,913	31,598
Interest expense – Basic Food Companies	146,160	113,189	67,396
Total	$ 356,913	$ 312,163	$ 244,348
Identifiable assets			
Basic Food Companies			
Agri-Products	$ 561,047	$ 562,346	$ 497,217
Trading & Processing	1,324,801	1,059,753	1,010,996
Prepared Foods	2,059,254	1,490,637	1,267,782
Corporate	75,486	348,210	204,703
	4,020,588	3,460,946	2,980,698
Finance Companies	783,573	817,277	764,642
Total	$ 4,804,161	$ 4,278,223	$ 3,745,340
Additions to property, plant, and equipment			
Basic Food Companies			
Agri-Products	$ 9,655	$ 8,019	$ 10,720
Trading & Processing	54,955	96,322	87,386
Prepared Foods	282,796	134,501	92,392
Corporate	1,077	779	5,850
	348,483	239,621	196,348
Finance Companies	777	1,482	1,237
Total	$ 349,260	$ 241,103	$ 197,585
Depreciation and amortization			
Basic Food Companies			
Agri-Products	$ 14,458	$ 12,789	$ 12,499
Trading & Processing	25,167	21,422	18,496
Prepared Foods	83,198	60,108	55,363
Corporate	1,916	3,346	3,162
	124,739	97,665	89,520
Finance Companies	4,988	3,993	3,611
Total	$ 129,727	$ 101,658	$ 93,131

16. Supplemental Cash Flow Information

	1990	1989	1988
Cash paid during the year for			
Interest (net of amount capitalized)			
Basic Food Companies	$ 144,272	$107,463	$ 66,978
Finance Companies	24,315	18,985	13,358
Total	$ 168,587	$ 126,448	$ 80,336
Income taxes			
Basic Food Companies	$ 96,255	$ 103,339	$ 74,798
Finance Companies	6,653	3,757	4,240
Total	$ 102,908	$ 107,096	$ 79,038
Noncash investing and financing activities – Basic Food Companies			
Issuance of common stock for conversion of preferred stock	$ 6,484	$ 970	$ 3,718
Long-term debt and preferred stock assumed in business acquisitions	211,536	8,627	14,560
Common stock issued in business acquisitions acounted for as a purchase	17	6	7,783
Common stock issued in business acquisitions accounted for as a pooling of interests	3,818	16,643	–
Payment for business acquisitions – Basic Food Companies			
Receivables, inventories and prepaid expenses	$ 193,382	$ 196,248	$ 31,302
Accounts payable and accrued expenses	(95,627)	(101,487)	–
Short-term notes payable and current maturities	(115,140)	(4,550)	–
Property, plant and equipment	152,970	77,567	60,000
Goodwill	138,630	10,105	–
Long-term debt	(183,335)	(8,627)	(14,560)
Preferred stock	(28,201)	–	–
Other, net	9,251	(19,660)	(266)
Reduction in investment in unconsolidated subsidiary upon acquisition of previously 50-percent-owned company	(54,334)	–	–
	$ 17,596	$ 149,596	$ 76,476

17. Nonrecurring Items

The fiscal 1990 first quarter earnings include two nonrecurring items: a $26.9 million after-tax gain, net of expenses, from settlement of litigation related to Holly Farms Corporation and a $24.8 million after-tax provision for realigning processed meats operations. The net gain from these items is $2.1 million after tax (two cents per share). Additional information is as follows:

Amount received in settlement of litigation related to Holly Farms, net of expenses	$ 43,500
Provisions for realignment of processed meats operations	
Writedown of property, plant and equipment	(13,634)
Plant consolidation costs	(23,836)
	(37,470)
Net nonrecurring items before tax	6,030
Provision for income taxes	3,887
Net nonrecurring items after tax	$ 2,143

18. Quarterly Results (Unaudited)

Dollars in thousands except per share amounts

	Net Sales	Gross Profit	Net Income		Stock Market Price		Dividends Declared Per Share*
			Amount	Per Share	High	Low	
Fiscal 1990							
First	$ 4,006,009	$ 400,492	$ 49,985	$ .40	$ 26.08	$ 21.17	$ .1283
Second	3,857,140	412,168	63,945	.52	27.83	21.33	.1500
Third	3,623,746	397,444	44,239	.36	30.25	22.75	.1500
Fourth	4,014,333	444,544	73,541	.59	31.88	24.88	.1500
Year	**$15,501,228**	**$1,654,648**	**$231,710**	**$1.87**	**$31.88**	**$21.17**	**$.5783**
Fiscal 1989							
First	$ 2,808,115	$ 341,323	$ 38,185	$ .32	$ 21.25	$ 18.50	$ .1117
Second	2,843,730	368,530	56,781	.47	22.67	18.00	.1283
Third	2,716,650	344,118	37,560	.31	21.59	18.17	.1283
Fourth	2,971,919	412,525	65,352	.53	23.83	19.42	.1283
Year	**$11,340,414**	**$1,466,496**	**$197,878**	**$1.63**	**$23.83**	**$18.00**	**$.4967**

**Quarterly dividends may not add to annual total due to rounding.*

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