

Analyst Upgrades ConAgra

NEW YORK (AP) — An analyst raised ConAgra Foods' rating and price target on Friday, saying that its proposed acquisition of Ralcorp would speed up revenue growth.

On Tuesday ConAgra Foods Inc. said that it would buy private-label food producer Ralcorp Holdings Inc. for \$5 billion. The companies value the transaction at about \$6.8 billion, when debt is included.

The transaction gives ConAgra, whose brands include Chef Boyardee and Banquet, an expanded stake in the growing market for cereals, crackers and other packaged foods sold under private labels.

The acquisition is expected to close by March 31.

"Growth through private label and entry into more attractive categories has been ConAgra's goal for a while," Jefferies analyst Thilo Wrede wrote in a client note.

The analyst said that the categories that ConAgra will gain through the RalCorp deal do not overlap with its existing business, meaning it can avoid competing with itself.

Wrede lifted ConAgra's rating to "Buy" from "Hold" and increased its price target to \$35 from \$29.

ConAgra shares rose 20 cents to \$29.80 in premarket trading on Friday. They have traded in a 52-week range of \$23.64 to \$29.81.

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