

Segment Operating Profit (Earnings before general corporate expenses, pension and postretirement non-service income, interest expense, net, income taxes, and equity method investment earnings)

(\$ in millions) Reporting Segment	Fiscal 2019 Operating Profit	Fiscal 2018 Operating Profit	% Inc (Dec)
Grocery & Snacks	\$ 689.2	\$ 724.8	(5)%
Refrigerated & Frozen	502.2	479.4	5 %
International	94.5	86.5	9 %
Foodservice	117.7	121.8	(3)%
Pinnacle Foods	238.2	—	100 %

Grocery & Snacks operating profit for fiscal 2019 was \$689.2 million, a decrease of \$35.6 million, or 5%, compared to fiscal 2018. Gross profits were \$55.8 million lower in fiscal 2019 than in fiscal 2018. The lower gross profit was driven by higher input costs, transportation inflation, and a reduction in profit associated with the divestiture of the *Wesson*[®] oil business, partially offset by profit contribution of acquisitions and supply chain realized productivity. The acquisition of Angie's Artisan Treats, LLC contributed \$12.6 million to Grocery & Snacks gross profit in fiscal 2019, through the one-year anniversary of the acquisition. Advertising and promotion expenses for fiscal 2019 decreased by \$31.3 million compared to fiscal 2018. Operating profit of the Grocery & Snacks segment was impacted by charges totaling \$76.5 million in fiscal 2019 for the impairment of our *Chef Boyardee*[®] and *Red Fork*[®] brand assets and \$4.0 million in fiscal 2018 for the impairment of our *HK Anderson*[®], *Red Fork*[®], and *Salpica*[®] brand assets. Grocery & Snacks also recognized a \$33.1 million gain on the sale of our *Wesson*[®] oil business in fiscal 2019. Operating profit of the Grocery & Snacks segment included \$1.0 million and \$11.4 million of expenses in fiscal 2019 and 2018, respectively, related to acquisitions and divestitures and charges of \$4.6 million and \$14.1 million in connection with our restructuring plans in fiscal 2019 and 2018, respectively.

Refrigerated & Frozen operating profit for fiscal 2019 was \$502.2 million, an increase of \$22.8 million, or 5%, compared to fiscal 2018. Gross profits were \$19.6 million lower in fiscal 2019 than in fiscal 2018, driven by increased input costs and transportation inflation, partially offset by supply chain realized productivity. Advertising and promotion expenses for fiscal 2019 decreased by \$24.6 million compared to fiscal 2018. Operating profit of the Refrigerated & Frozen segment included a gain of \$23.1 million in fiscal 2019 related to the sale of our Italian-based frozen pasta business, Gelit.

International operating profit for fiscal 2019 was \$94.5 million, an increase of \$8.0 million, or 9%, compared to fiscal 2018. Gross profits were flat in fiscal 2019 compared to fiscal 2018. Included in the International segment fiscal 2019 operating profit was a gain of \$13.2 million related to the sale of our *Del Monte*[®] processed fruit and vegetable business in Canada, charges of \$13.1 million for the impairment of our *Aylmer*[®] and *Sundrop*[®] brand assets, and charges of \$2.9 million related to divestitures. In addition, operating profit was impacted by charges of \$1.9 million and \$1.5 million in connection with our restructuring plans, in fiscal 2019 and 2018, respectively.

Foodservice operating profit for fiscal 2019 was \$117.7 million, a decrease of \$4.1 million, or 3%, compared to fiscal 2018. Gross profits were \$8.5 million lower in fiscal 2019 than in fiscal 2018, due to lower volume (including the sale of our Trenton, Missouri production facility) and higher input costs, partially offset by supply chain realized productivity.

Pinnacle Foods operating profit for fiscal 2019 (reflecting 213 days of Conagra Brands ownership) was \$238.2 million. Operating profit for Pinnacle Foods during fiscal 2019 included incremental cost of goods sold of \$53.0 million due to the impact of writing inventory to fair value as part of our acquisition accounting and the subsequent sale of that inventory, as well as charges of \$5.9 million related to restructuring activities.

Interest Expense, Net

In fiscal 2019, net interest expense was \$391.4 million, an increase of \$232.7 million, or 147%, from fiscal 2018. The increase reflected the following:

- the issuance of \$7.025 billion aggregate principal amount of unsecured senior notes and borrowings of \$1.30 billion under our new unsecured term loan agreement with a syndicate of financial institutions providing for a \$650.0 million tranche of three-year term loans and a \$650.0 million tranche of five-year term loans to the Company (the "Term Loan Agreement"), in each case in connection with the Pinnacle acquisition,