General Mills



Fiscal 2014 3rd Quarter Results

March 19, 2014

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations and assumptions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. In particular, our predictions about future net sales and earnings could be affected by a variety of factors, including: competitive dynamics in the consumer foods industry and the markets for our products, including new product introductions, advertising activities, pricing actions and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets; changes in capital structure; changes in laws and regulations, including labeling and advertising regulations; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of significant accounting estimates; product quality and safety issues, including recalls and product liability; changes in consumer demand for our products; effectiveness of advertising, marketing and promotional programs; changes in consumer behavior, trends and preferences, including weight loss trends; consumer perception of health-related issues, including obesity; consolidation in the retail environment; changes in purchasing and inventory levels of significant customers; fluctuations in the cost and availability of supply chain resources, including raw materials, packaging and energy; disruptions or inefficiencies in the supply chain; volatility in the market value of derivatives used to manage price risk for certain commodities; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure or breach of our information technology systems; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war. The company undertakes no obligation to publicly revise any forward-looking statements to reflect any future events or circumstances.

Q3 Financial Review



Don Mulligan

Executive Vice President;

Chief Financial Officer

Factors Behind Q3 Performance

- Severe Weather
- Foreign Exchange Headwinds
- U.S. Yogurt Investment
- Lapping Strong Earnings Growth Last Year

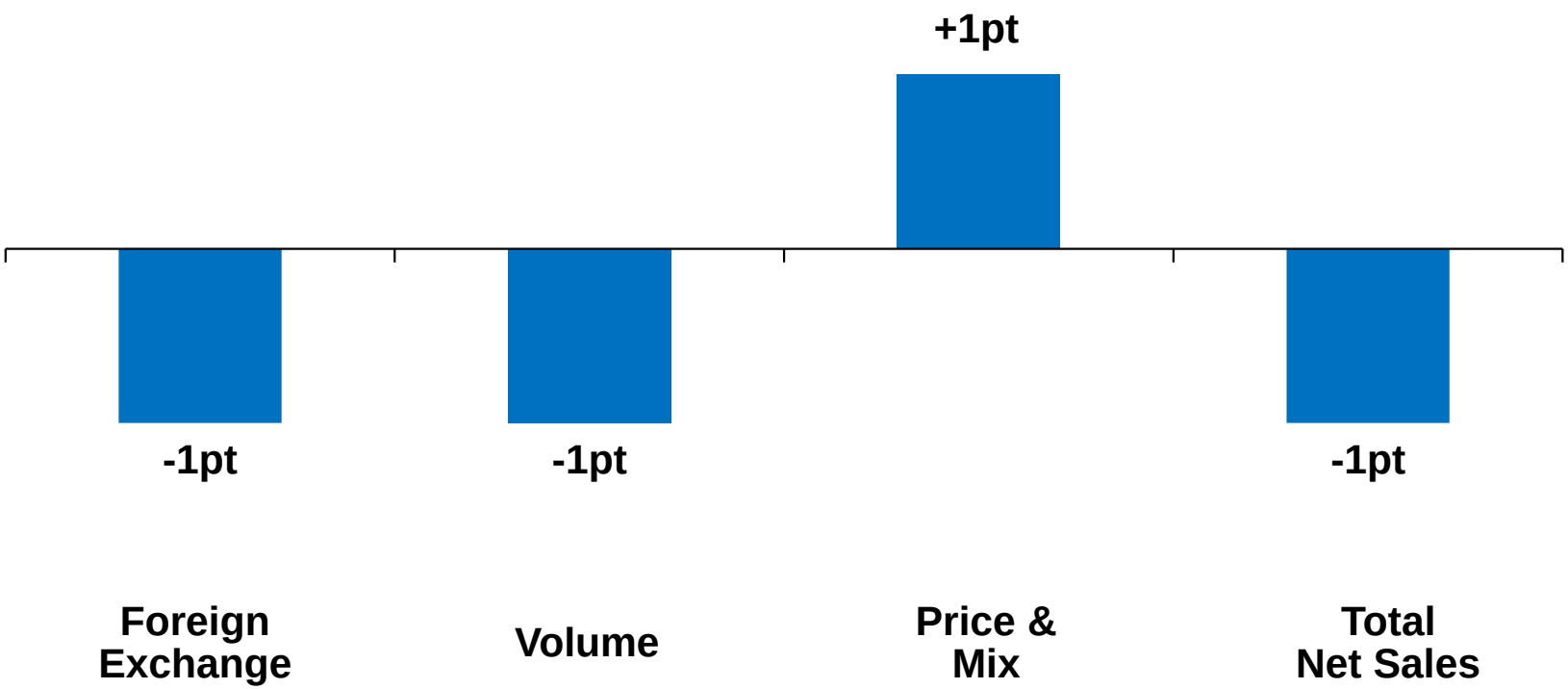
Third Quarter Fiscal 2014 Financial Summary

($ in Millions, Except per Share)

	$	% Change
Net Sales	$4,377	-1%
Adjusted Segment Operating Profit*	690	-10
Net Earnings Attributable to General Mills	411	+3
Diluted EPS	$0.64	+7
Certain Items Affecting Comparability	(.02)	
Adjusted Diluted EPS*	$0.62	-6

* Non-GAAP Measure. See Appendix for Reconciliation.

Third Quarter Fiscal 2014
Components of Net Sales Growth



Third Quarter Fiscal 2014
Net Sales Results by Segment

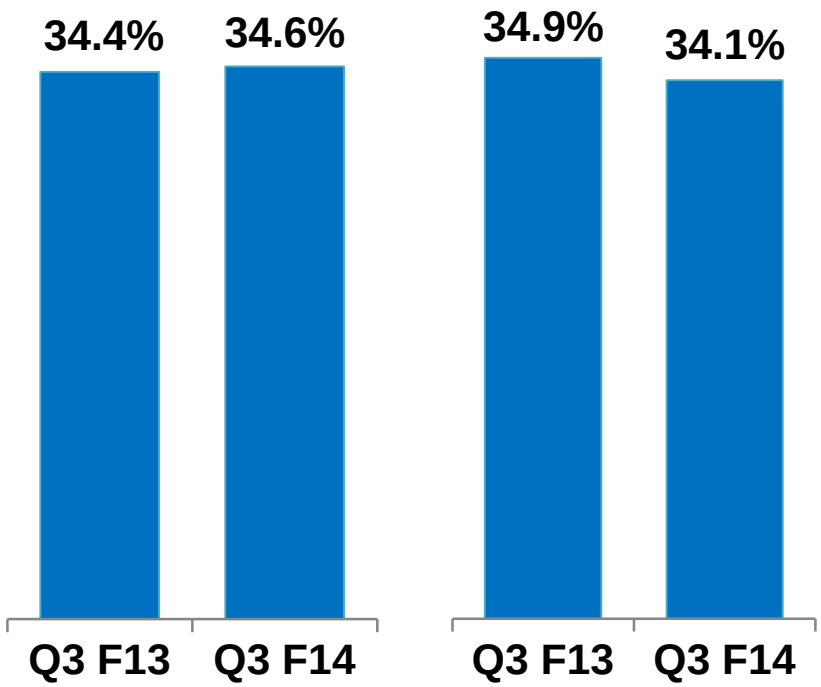
($ in Millions)

	$	% Change
Total Net Sales	**$4,377**	**-1%**
U.S. Retail	2,618	-2
International	1,322	+2
*Constant Currency**		*+7*
Convenience Stores & Foodservice	437	-7

* Non-GAAP Measure. See Appendix for Reconciliation.

Third Quarter Fiscal 2014 Gross Margin Performance

As Reported **Underlying***



- Expect Strong Underlying Gross Margin Expansion in Q4
- Annual Input Cost Inflation Estimate Still 3%

* Non-GAAP Measure. See Appendix for Reconciliation.

Third Quarter Fiscal 2014
Adjusted Segment Operating Profit*

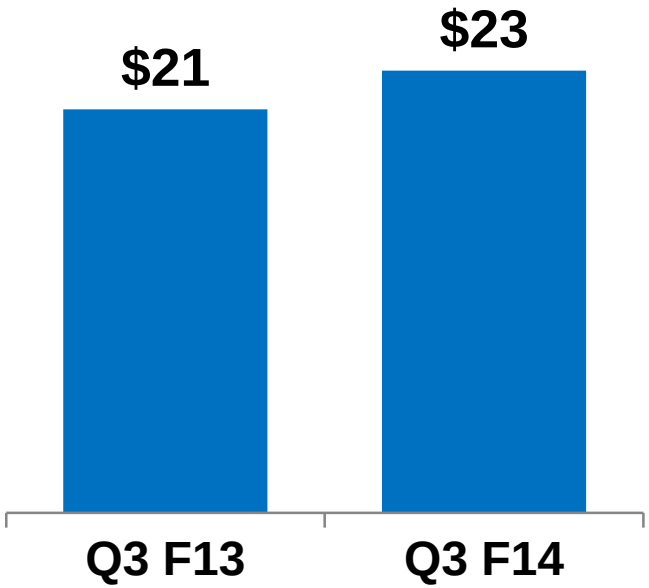
	% Change	Year-ago % Change
Adjusted Segment Operating Profit*	**-10%**	**+13%**
U.S. Retail	-11	+13
International*	+1	+14
*Constant-Currency***	*+MSD*	
Convenience Stores & Foodservice	-17	+13

* Non-GAAP Measure. See Appendix for Reconciliation.
** Non-GAAP Measure.

Third Quarter Fiscal 2014
Joint Venture Summary

JV Earnings After Tax

($ in Millions, As Reported)



Constant-currency Net Sales Growth

- CPW +1%
- HDJ +13%



Third Quarter Fiscal 2014
Other Income Statement Items

- Interest Expense Down 1% vs. LY
- Tax Rate Excluding Items Affecting Comparability 33.6% Versus 30.5% a Year Ago*
- Average Diluted Shares Outstanding 4% Below LY

* Non-GAAP Measure. See Appendix for Reconciliation.

Fiscal 2014 Core Working Capital

($ in Millions)

	3rd Quarter	
	F14	**F13**
Accounts Receivable	$1,648	$1,592
Inventories	1,560	1,606
Accounts Payable	1,360	1,186

Nine Months Fiscal 2014 Financial Summary

($ in Millions, Except per Share)

	$	% Change
Net Sales	$13,626	+2%
Adjusted Segment Operating Profit*	2,421	-3
Net Earnings Attributable to General Mills	1,420	-5
Diluted EPS	$2.18	-3
Certain Items Affecting Comparability	(.03)	
Adjusted Diluted EPS*	$2.15	-1

* Non-GAAP Measure. See Appendix for Reconciliation.

Nine Months Fiscal 2014
U.S. Retail

Total Segment Net Sales: Flat vs. LY
Segment Operating Profit: -3% vs. LY

Nine Months Net Sales

(Change vs. LY)

Small Planet Foods	+8%
Snacks	+5
Big G Cereals	+2
Baking Products	Flat
Frozen Foods	Flat
Yoplait	-3
Meals	-5



Nine Months Fiscal 2014
Convenience Stores & Foodservice

Total Segment Net Sales: -3% vs. LY
Segment Operating Profit: -7% vs. LY











- Product Mix Focus on Higher Margin Products
- Sales Growth in Yogurt, Snacks, Mixes, and Frozen Breakfast

Nine Months Fiscal 2014 International

Segment Constant-currency Net Sales*: +11% vs. LY
Constant-currency Segment Operating Profit: +HSD vs. LY**

Nine Months
Constant-currency Net Sales*
(Change vs. LY)

Latin America	+50%
Asia / Pacific	+10
Canada	+8
Europe	-1

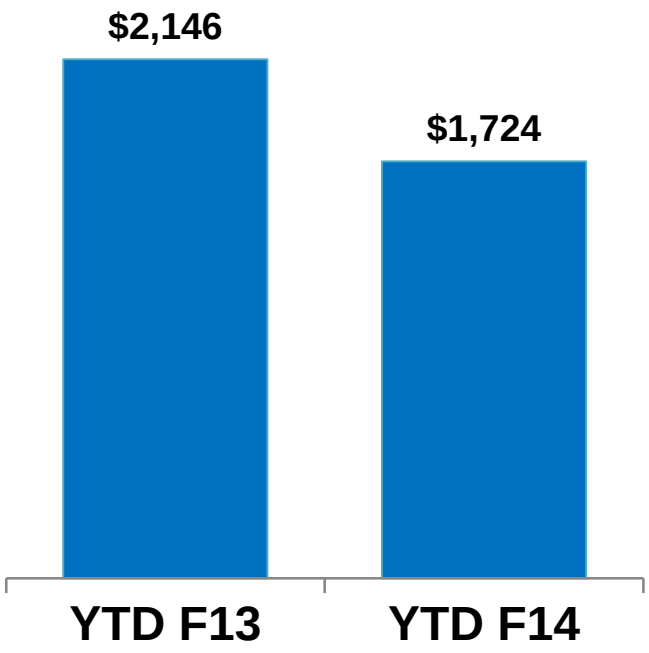


* Non-GAAP Measure. See Appendix for Reconciliation.
** Non-GAAP Measure. Excludes Venezuela Currency Devaluation.

Nine Months Fiscal 2014 Cash Flow Highlights

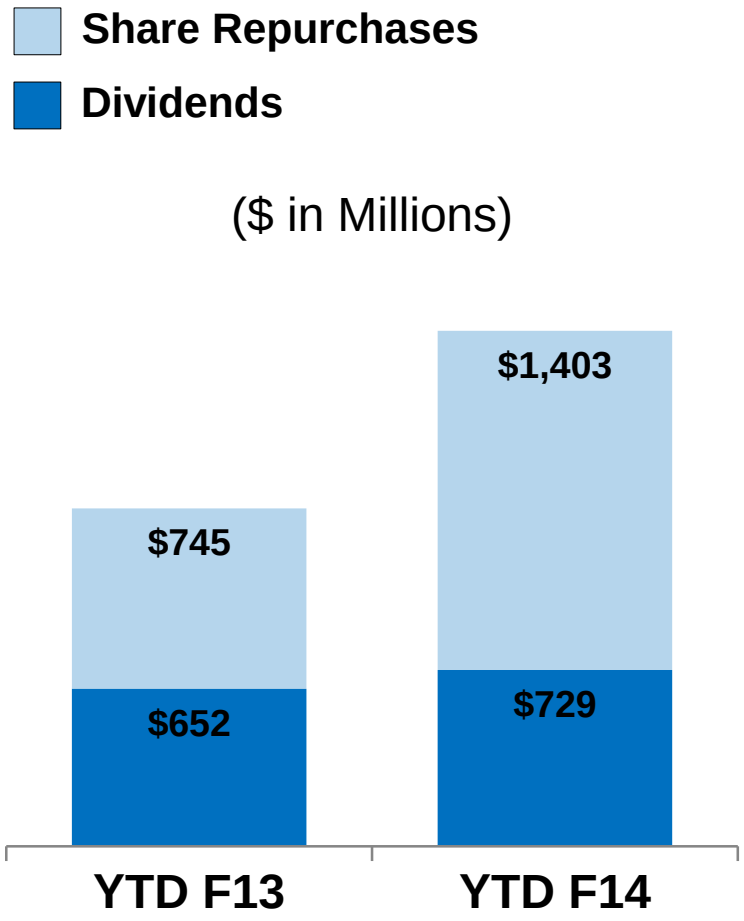
Operating Cash Flow

($ in Millions)



- YTD Operating Cash Flow Below LY Driven By Change in Current Assets & Liabilities
- Expect Strong Operating Cash Flow Growth in Q4

Cash Returns to Shareholders



- 29MM Shares Repurchased F14 YTD
- 8% Dividend Increase Effective May 1, 2014
- F14 Dividends per Share +17% vs. LY

Fiscal 2014 Outlook

4th Quarter Expectations

- Input Cost Inflation Below Year-ago
- Underlying Tax Rate*, Diluted Shares Outstanding Lower than LY
- Strong DD Growth in Adjusted Diluted EPS*

Annual Expectations

- Adjusted Diluted EPS* of $2.87 - $2.90

* Non-GAAP Measure.

U.S. Baking Products Update



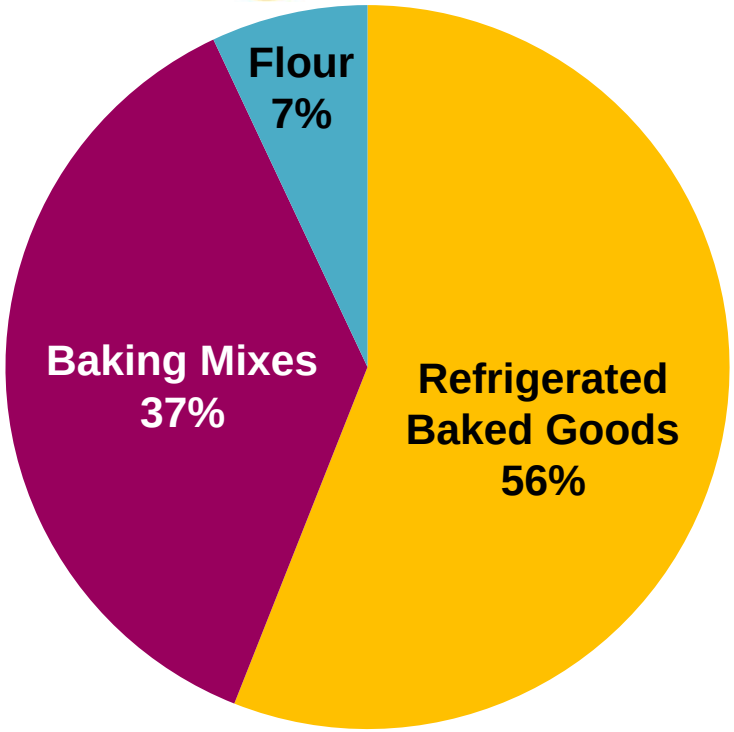
Ann Simonds

Senior Vice President;

President, Baking Products Division

General Mills U.S. Baking Products Business

Annual Retail Sales = $2.5 Billion

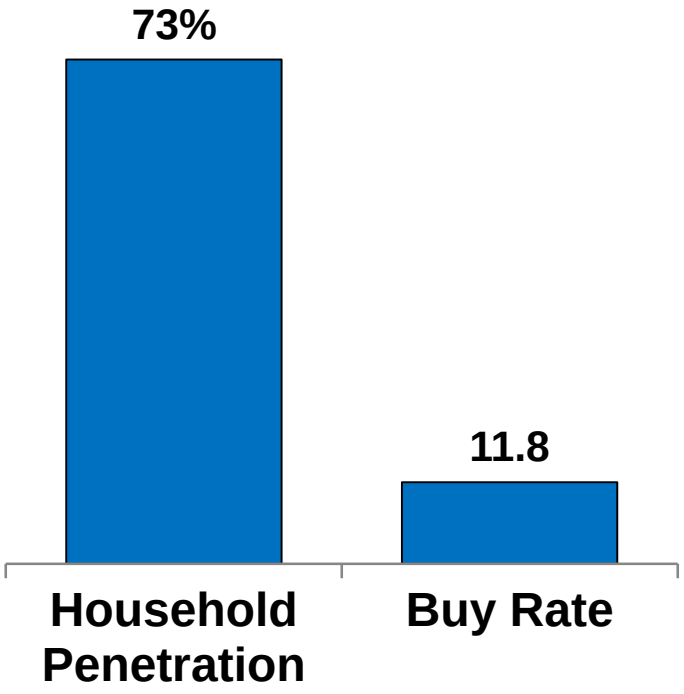


Largest Branded Baking Business in the U.S.

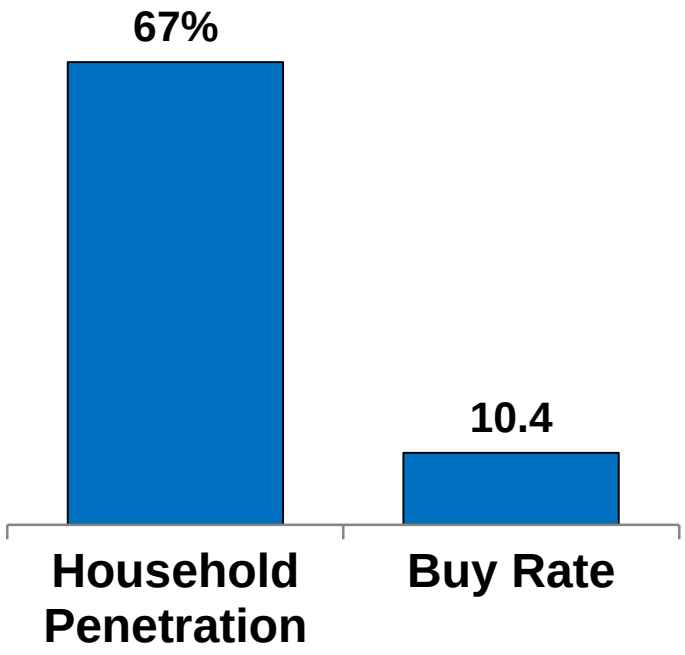
Source: Nielsen XAOC, Latest 52 Weeks

Consumers Like Baked Goods

Dessert Mixes



Refrigerated Dough



Source: Nielsen, Fiscal Year ended 5.25.13

Baking is On Trend with Key Consumer Groups



Millennials
Like to Bake and Experiment



Boomers
Want Smaller Serving Sizes



Hispanics
Bread Completes the Meal

A Strong Winter Quarter

	Fiscal 2014 Q3 Retail Sales Growth
Baking Products Division	**+4%**
Dessert Mixes	-2%
Refrigerated Baked Goods	+6%
Flour	+15%

Source: Nielsen XAOC

Refrigerated Dough Performance

(Retail Sales Growth, FYTD)

FYTD Dollar Share = 70%, +0.1 pts



Sweet Rolls
+2%



Grands Biscuits
+3%

Source: Nielsen XAOC through 2.22.14

Bringing Innovation to Baking



Affordable Premium Product



Seasonal News

Consumers Appreciate Gluten Free Products



2010



2011

"I have tried more gluten free products than I care to discuss… Your new line of cakes and brownies 'Bravo' and thank you so much. They taste as good as I remember the regular mixes."

"I just wanted to say thank you for having your gluten free baking products… Yours are by far the best we have tasted."

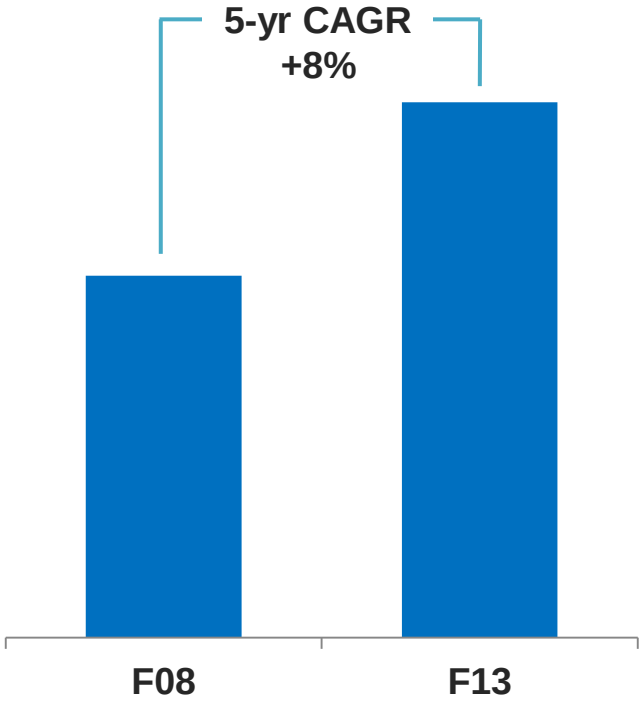


2014

We're A Leading U.S. Food Advertiser

General Mills Rank: U.S. Food Sales #4
Measured Media #2

General Mills U.S. Retail Media and Advertising Expense



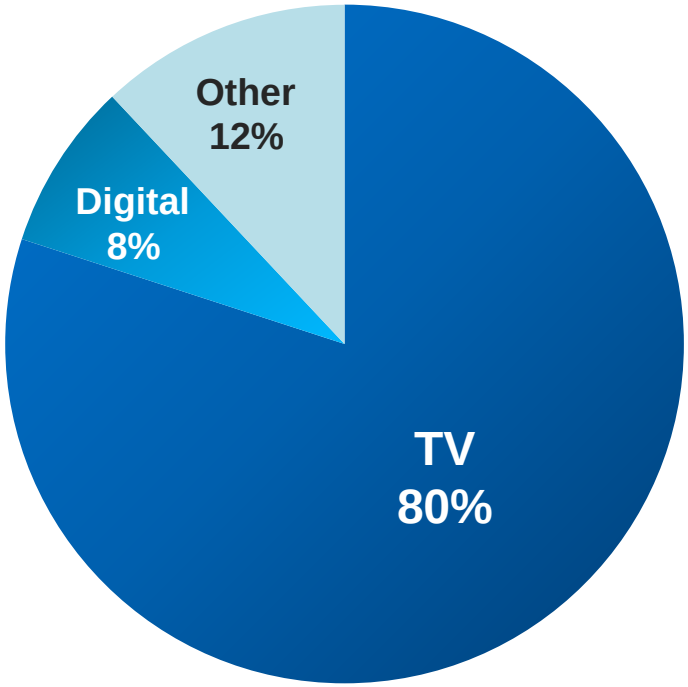




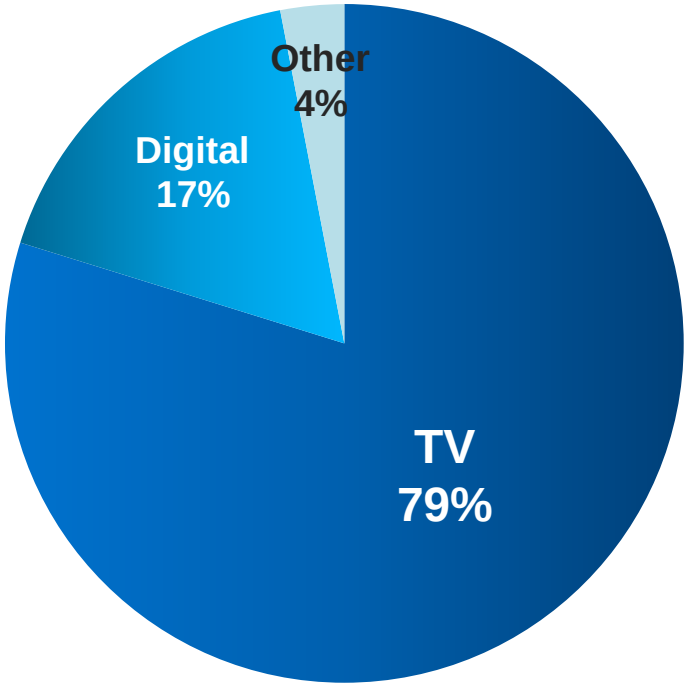
Sources: Dollar Sales – Nielsen, Latest 52 weeks ended 1.18.14
Measured Media – Kantar, Latest 12 Months Available

Our Changing Mix in U.S. Media Spending

Fiscal 2008



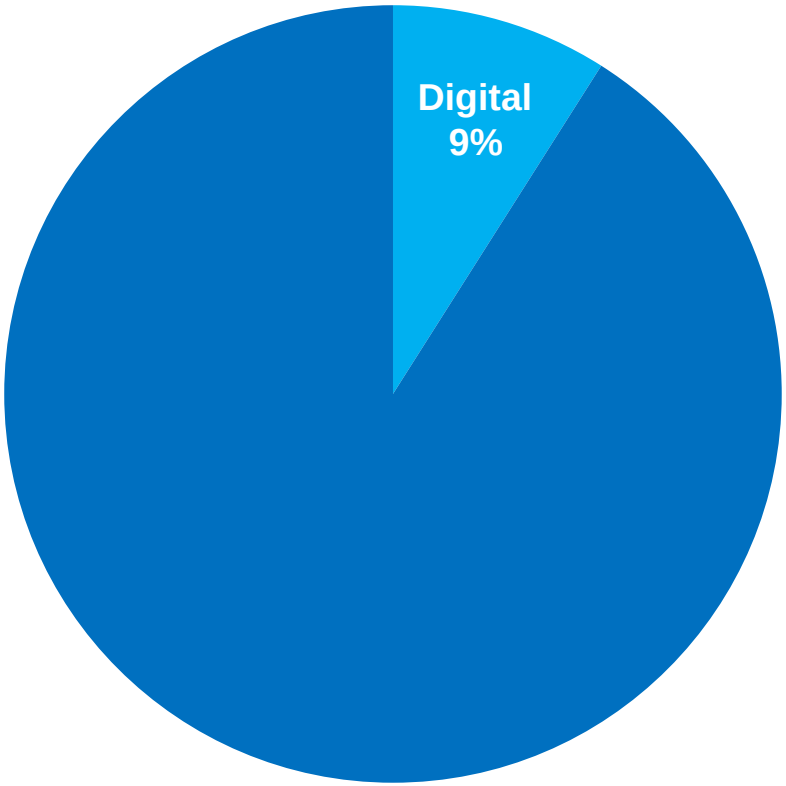
Fiscal 2013



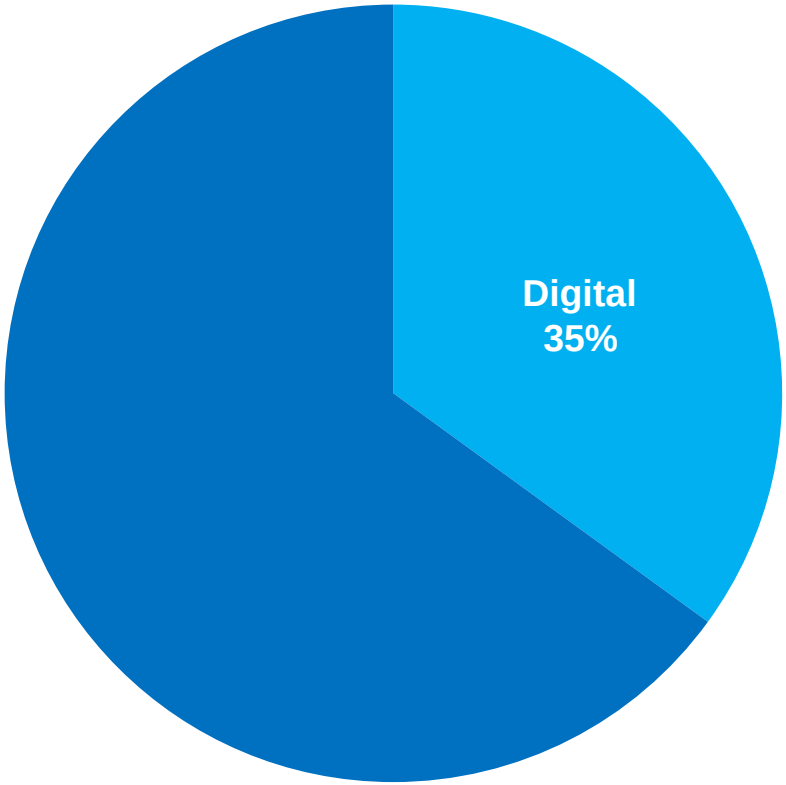
Dollars Spent: 100 148
(Index: 2008 = 100)

The Baking Division's Unique Marketing Mix

(% of Baking Division Media Spending)

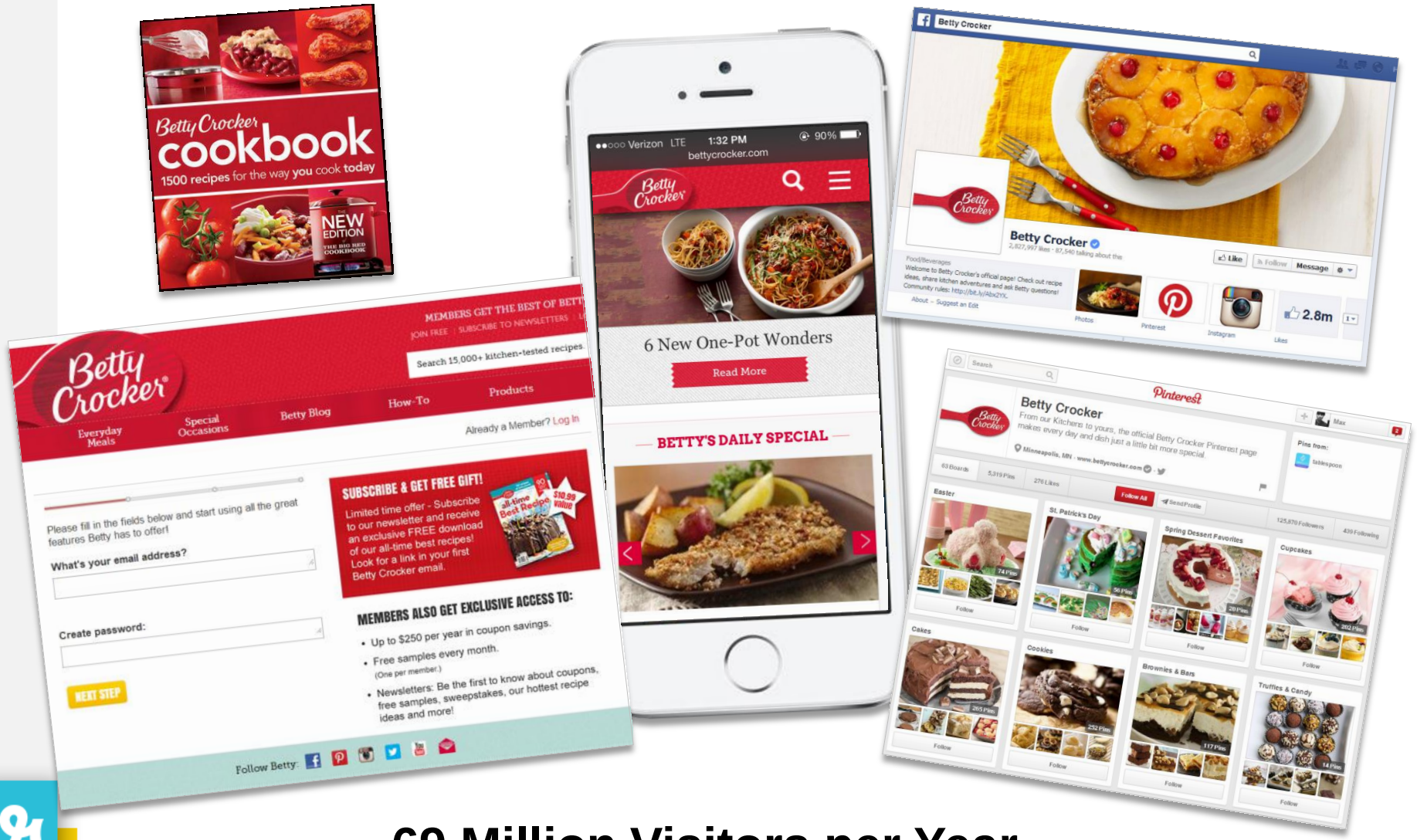


Fiscal 2008



Fiscal 2013

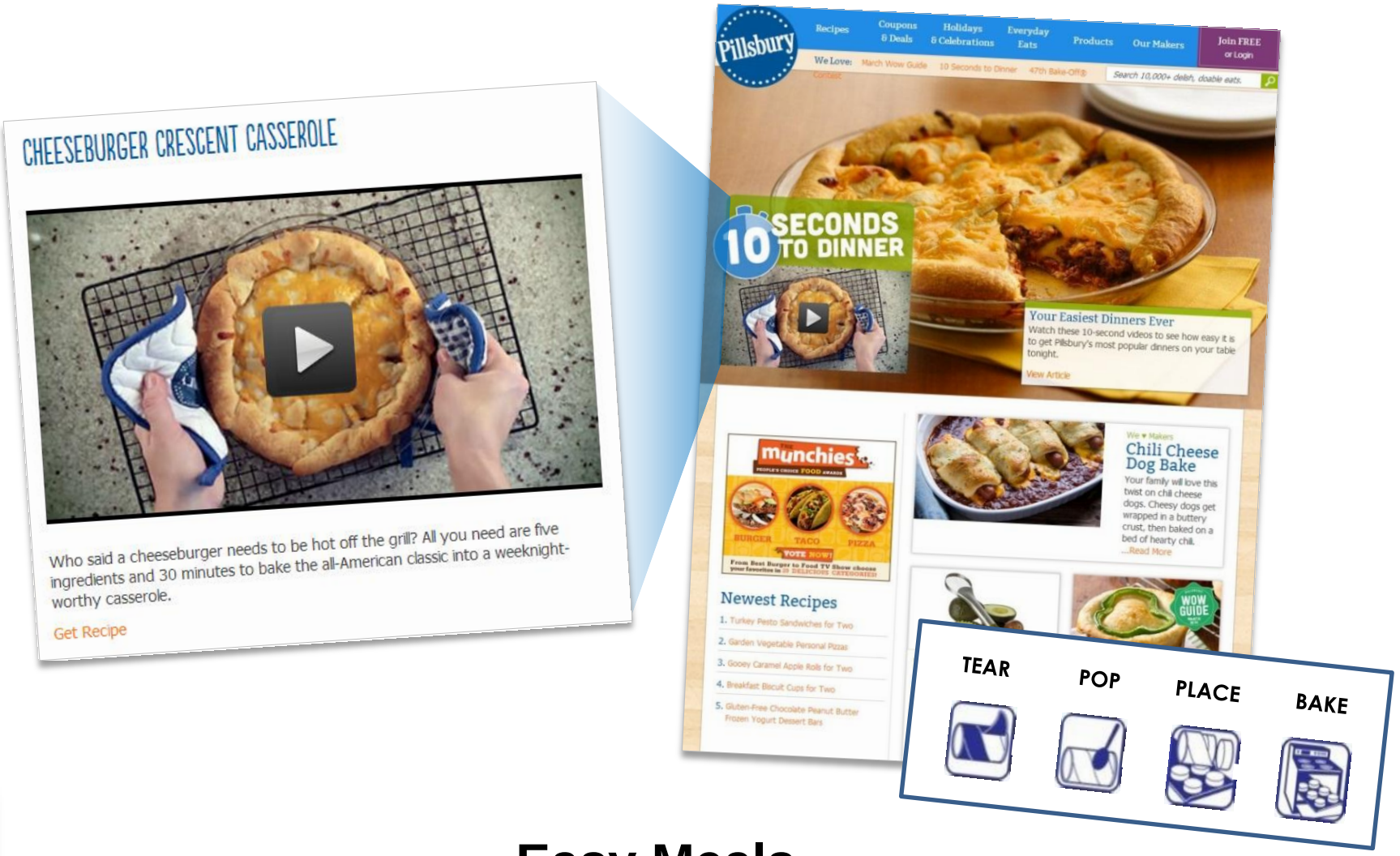
Betty Crocker Goes Digital



69 Million Visitors per Year

Source: Comscore Feb 2013 – Jan 2014

Pillsbury.com



Easy Meals

Pillsbury Bake-Off





- Largest Amateur Baking Contest in the U.S.
- Consumers Voted to Choose Finalist in 2013
- Great Marketing Platform with Retailers

Baking Products Summary

- Baking is On-trend with Growing U.S. Consumer Groups
- Betty Crocker and Pillsbury are Leading Brands – Supported with Unique Marketing Initiatives
- Continue to Bring News to These Categories to Drive Growth Year Round

Operating Highlights



Ken Powell

Chairman of the Board;

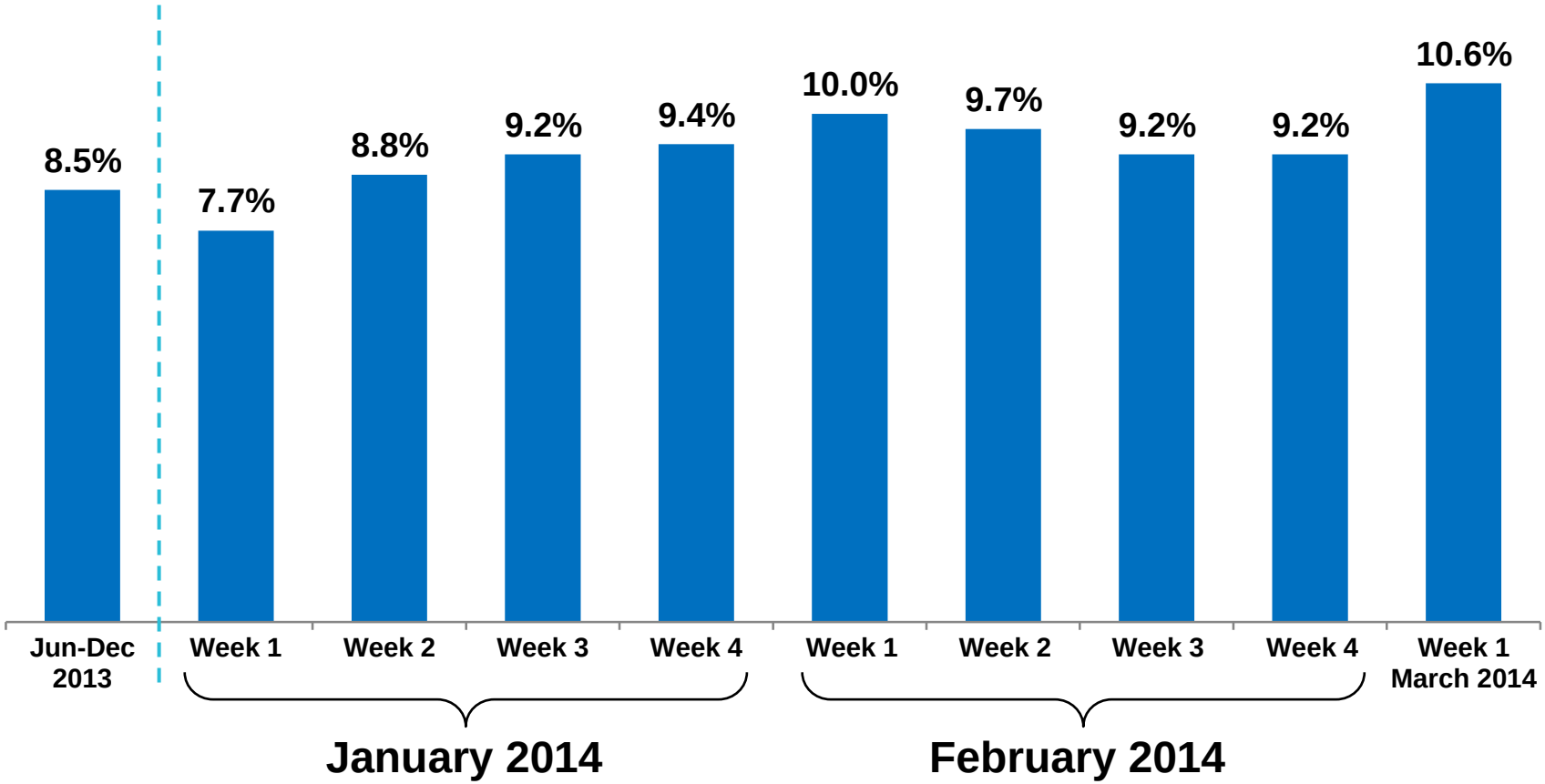
Chief Executive Officer

U.S. Yogurt F14 Q3 Dynamics

- Category Sales Growth Slowed
- Yoplait Q3 New Product Launches – 16 SKUs
- Increased Trade Merchandising Support
  - New Products
  - Competitive Price Points on Greek Yogurt
- Yoplait Greek Blended Taste Superiority
- In-store Sampling – 45% ACV
- Incremental Spot TV Advertising
- Pop-up Store in New York City

Yoplait Greek Performance

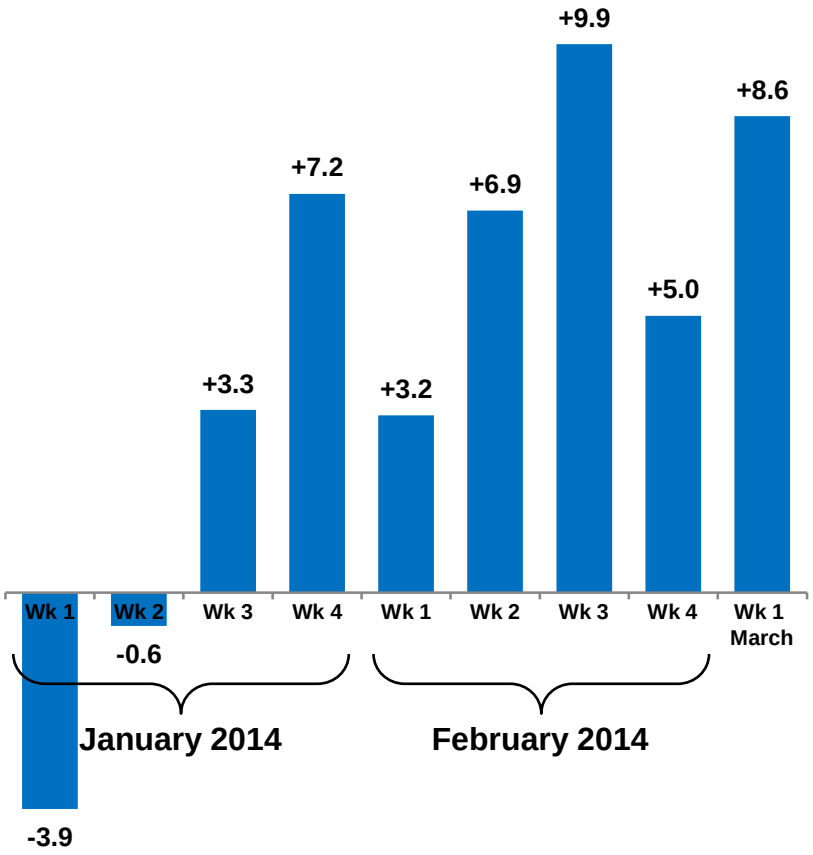
Dollar Share of Greek Segment



Source: Nielsen XAOC

Original Style Yoplait

Retail $ Sales Growth





Source: Nielsen XAOC

General Mills Cereal Performance



9 Mos F14 YTD

- Net Sales +2%
- Dollar Share 31.3%
  +0.3 pts

Source: Nielsen XAOC through 2.22.14

Grain Snacks – Continued Strong Performance

New in January



3 Varieties



2 Varieties

9 Mos F14 YTD

- Retail Sales +10%
- Dollar Share +4 pts.

Source: Nielsen XAOC through 2.22.14

Totino's Frozen Pizza and Hot Snacks

(9 Mos F14 YTD Retail Sales Growth)



+5%

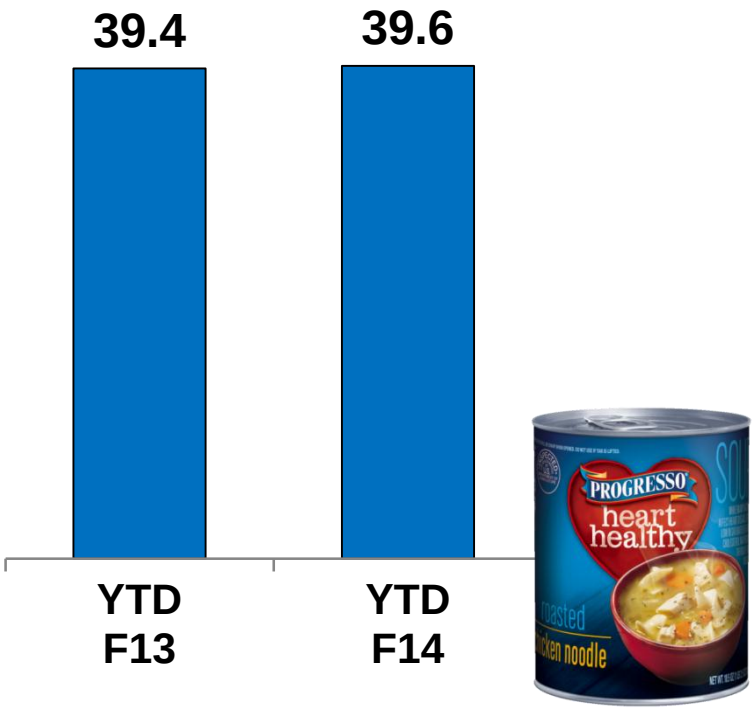


+6%

Source: Nielsen XAOC through 2.22.14

Convenient Meals

Progresso
Ready-to-serve $ Share

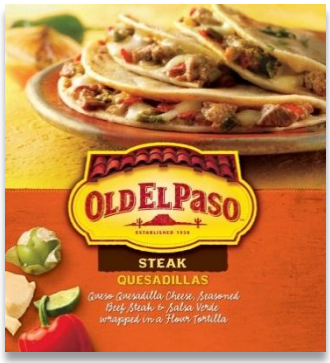


Old El Paso Mexican Aisle
9 Mos F14 YTD

- Retail Sales +4%
- Dollar Share +0.5 pts.

Freezer Case





Projected Year-one Retail Sales
$50 Million

Source: Nielsen XAOC through 2.22.14

Natural and Organic Foods

(9 Mos F14 Retail Sales Growth)





Cereal
+1%

Snacks
+23%

Source: Nielsen XAOC through 2.22.14
Plus spins through 2.23.14

Convenience Stores & Foodservice Key Product Platforms

(9 Mos F14 YTD Net Sales Growth)



Snacks
+4%



Yogurt
+10%



Frozen Breakfast
+23%

General Mills International Segment
9 Month F14 Financial Summary

($ in Millions)

	9 Mos F14 YTD		
	$	% Change As Reported	% Change Constant Currency*
Net Sales	$4,047	+8%	+11%**
Segment Operating Profit	$389	+8%	+HSD



*Non-GAAP Measure.
**Non-GAAP Measure. See Appendix for Reconciliation.

International Highlights

Europe



China



Canada



Latin America



International Highlights – Cereal Partners Worldwide

Strong Growth on Core Brands







New in January







General Mills Summary

- A Tough Third Quarter
- Clear Drivers of Strong Earnings Growth in Q4
- Full-year Adjusted Diluted EPS Target is $2.87 - $2.90
- Robust Cash Return to Shareholders through Buybacks and 17% Dividend Increase

Reconciliation of Adjusted Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q3			Nine Months	
	2014	**2013**	**2012**	**2014**	**2013**
U.S. Retail	$517	$577	$512	$1,810	$1,876
Adjusted International	111	110	96	389	375
Convenience Stores & Foodservice	62	75	66	222	239
Adjusted Segment Operating Profit	$690	$763	$675	$2,421	$2,490
Unallocated Corporate Items	19	101	6	142	207
Restructuring, Impairment, and Other Exit Costs	--	6	--	4	18
Venezuela Currency Devaluation*	--	14	--	--	14
Operating Profit	$671	$642	$669	$2,276	$2,251

* We Did Not Record Any Impact from Venezuela Currency Devaluation in Fiscal 2014.
Table does not foot due to rounding.

Reconciliation of Adjusted International Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q3			Nine Months	
	2014	**2013**	**2012**	**2014**	**2013**
International Segment Operating Profit	$111	$96	$96	$389	$361
Venezuela Currency Devaluation*	--	14	--	--	14
Adjusted International Segment Operating Profit	$111	$110	$96	$389	$375

* We Did Not Record Any Impact from Venezuela Currency Devaluation in Fiscal 2014.
Table does not foot due to rounding.

Reconciliation of Adjusted Diluted EPS

(Fiscal Years)

	Q3		Nine Months	
	2014	**2013**	**2014**	**2013**
Diluted EPS	$0.64	$0.60	$2.18	$2.24
Mark-to-market Effects	(.02)	.02	(.04)	(.01)
Restructuring	--	.01	.01	.02
Tax Item	--	--	--	(.10)
Acquisition Integration Costs	--	.01	--	.01
Venezuela Currency Devaluation*	--	.02	--	.02
Diluted EPS Excluding Certain Items Affecting Comparability	$0.62	$0.66	$2.15	$2.18

* We Did Not Record Any Impact from Venezuela Currency Devaluation in Fiscal 2014.

Reconciliation of Q3 Constant-currency Net Sales Growth

(Fiscal Years)

	Q3 2014		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	3%	1 pt	2%
Canada	-6	-8	2
Asia/Pacific	14	0	14
Latin America	-1	-18	17
Total International	2%	-5 pts	7%

Reconciliation of Nine Months Constant-currency Net Sales Growth

(Fiscal Years)

	Nine Months 2014		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	1%	2 pts	-1%
Canada	2	-6	8
Asia/Pacific	11	1	10
Latin America	30	-20	50
Total International	8%	-3 pts	11%

Reconciliation of Gross Margin

(Fiscal Years, $ in Millions)

	Q3 2014		Q3 2013	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$4,377		$4,431	
Gross Margin as Reported	1,513	34.6%	1,523	34.4%
Mark-to-market Effects	(23)		25	
Gross Margin Excluding Mark-to-market Effects	$1,490	34.1%	$1,548	34.9%

Reconciliation of Effective Income Tax Rate

(Fiscal Years, $ in Millions)

	Q3 2014		Q3 2013	
	Pre-tax Earnings*	Income Taxes	Pre-tax Earnings*	Income Taxes
As Reported	$595	$201	$566	$174
Mark-to-market effects	(23)	(8)	25	9
Restructuring Costs	--	--	5	--
Integration Costs	--	--	3	1
Venezuela Currency Devaluation**	--	--	14	2
As Adjusted	$572	$192	$612	$187
Effective Tax Rate				
As Reported		33.8%		30.8%
As Adjusted		33.6%		30.5%

*Earnings Before Income Taxes and After-tax Earnings from Joint Ventures.
** We Did Not Record Any Impact from Venezuela Currency Devaluation in Fiscal 2014.
Table Does Not Foot Due to Rounding.