

General Mills

Fiscal 2016
Second Quarter Results

A Reminder on Forward-looking Statements

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 the legal and regulatory environment, including labeling and advertising regulations and litigation; 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; effectiveness of restructuring and cost savings initiatives; 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.



Second Quarter 2016 Financial Review

Don Mulligan

Executive Vice President;
Chief Financial Officer

Second Quarter Fiscal 2016 Summary

- Net Sales Declined LSD*
- Margin Expansion Drove MSD Growth in Adjusted Diluted EPS*
- Increasing Cost Savings Target to $500MM by Fiscal 2018
- Updating Fiscal 2016 Guidance for Green Giant Divestiture
  - On Track to Deliver Original 2016 Growth Goals Excluding Green Giant Impact

*Constant-currency growth rate. Non-GAAP measure.

Second Quarter Fiscal 2016 Financial Summary

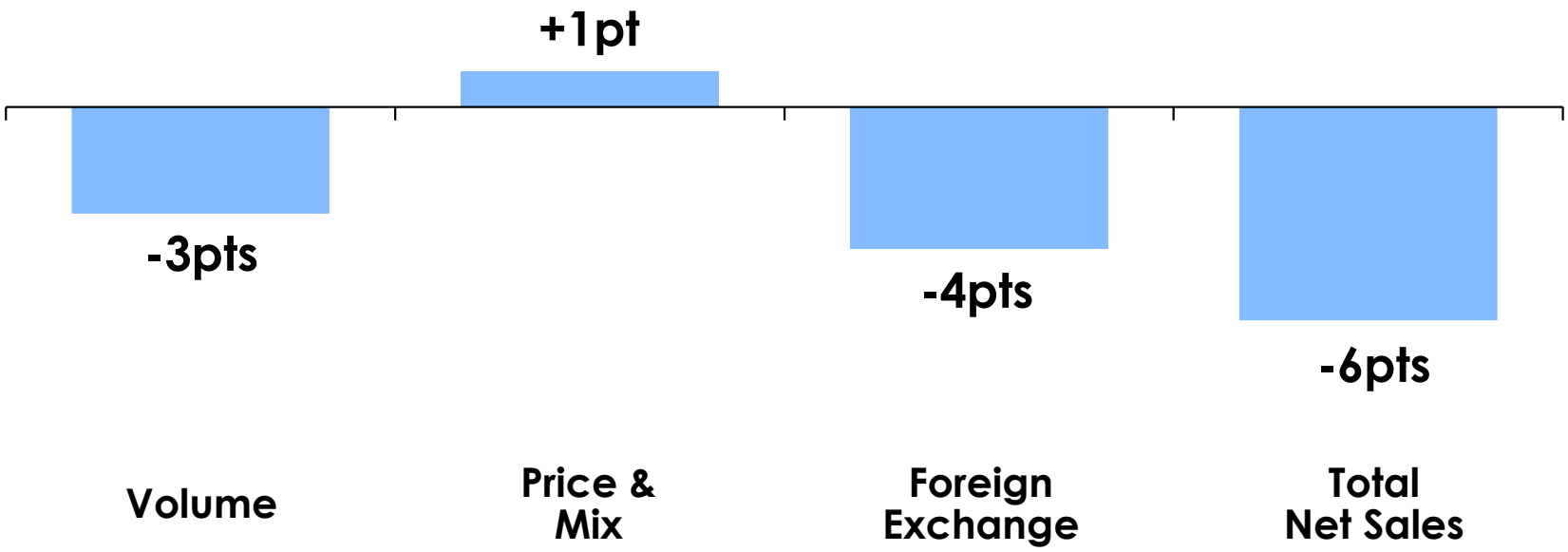
($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$4,425	-6%	-2%
Segment Operating Profit*	839	-1	+2
Net Earnings Attributable to General Mills	530	+53	
Diluted EPS	$0.87	+55	
Certain Items Affecting Comparability	0.05		
Adjusted Diluted EPS*	$0.82	+2%	+5%

*Non-GAAP measures. See appendix for reconciliation.

Second Quarter Fiscal 2016 Components of Net Sales Growth

(As Reported)



Acquisition & Divestiture: -2 Points of Volume Growth, -1 Point of Net Sales Growth

Second Quarter Fiscal 2016
U.S. Retail Segment

Net Sales Growth

	Q2	1H
Snacks	-1%	+1%
Baking Products	-1	-1
Cereal	-5	+1
Meals	-5	-1
Yogurt	-6	-1
Total U.S. Retail	**-4%**	**Flat**



Acquisition & Divestiture: -1 Point of Net Sales Growth in Q2, +1 Point in 1H

Second Quarter Fiscal 2016
Convenience Stores & Foodservice Segment



Net Sales Growth

	Q2	1H
6 Focus Platforms	+3%	+5%
Other	-12	-9
Total CS&F	**-4%**	**-2%**

Second Quarter Fiscal 2016 International Segment

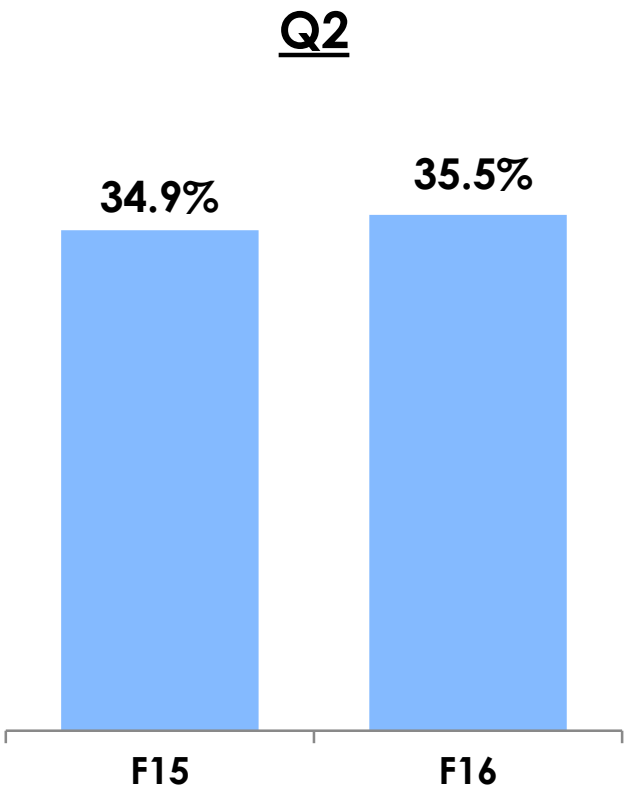
Constant-currency Net Sales Growth*

	Q2	1H
Latin America	+17%	+9%
Canada	+3	+4
Asia / Pacific	+2	+2
Europe	-2	+2
Total International	**+3%**	**+4%**



*Non-GAAP measure. See appendix for reconciliation.

Adjusted Gross Margin Results*



- Cost Savings Offsetting Low Input Cost Inflation
- Expect 2% Inflation for Full Year

*Non-GAAP measure. See appendix for reconciliation.

Second Quarter Fiscal 2016 Segment Operating Profit

($ in Millions)

	$	% Change	Constant-currency % Change*
Total Segment Operating Profit*	**$839**	**-1%**	**+2%**
U.S. Retail	600	-3	
International	136	+1	+19
Convenience Stores & Foodservice	103	+7	

*Non-GAAP measure. See appendix for reconciliation.

Second Quarter Fiscal 2016 Joint Venture Results

After-tax Earnings: $23MM; -6% vs. LY in Constant Currency*



Cereal Partners Worldwide
Net Sales +1%**



Häagen-Dazs Japan
Net Sales -10%**

*Non-GAAP measure. See appendix for reconciliation.
**Growth rates in constant currency.

Second Quarter Fiscal 2016 Other Income Statement Items

- Unallocated Corporate Expense Decreased Excluding Certain Items
- One-Time Gain on Sale of Green Giant = $199MM
- Restructuring & Project-related Charges of $99MM Pretax (Includes $38MM in Cost of Sales)
- Net Interest Expense $4MM Below Last Year
- Adjusted Effective Tax Rate* 32.3%, Compared to 33.5% Last Year
- Average Diluted Shares Outstanding Down 1%

*Non-GAAP measure. See appendix for reconciliation.

First Half Fiscal 2016 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$8,633	-4%	+1%
Segment Operating Profit*	1,666	+8	+12
Net Earnings Attributable to General Mills	956	+38	
Diluted EPS	$1.56	+40	
Certain Items Affecting Comparability	0.05		
Adjusted Diluted EPS*	$1.61	+14%	+18%

*Non-GAAP measures. See appendix for reconciliation.

Core Working Capital

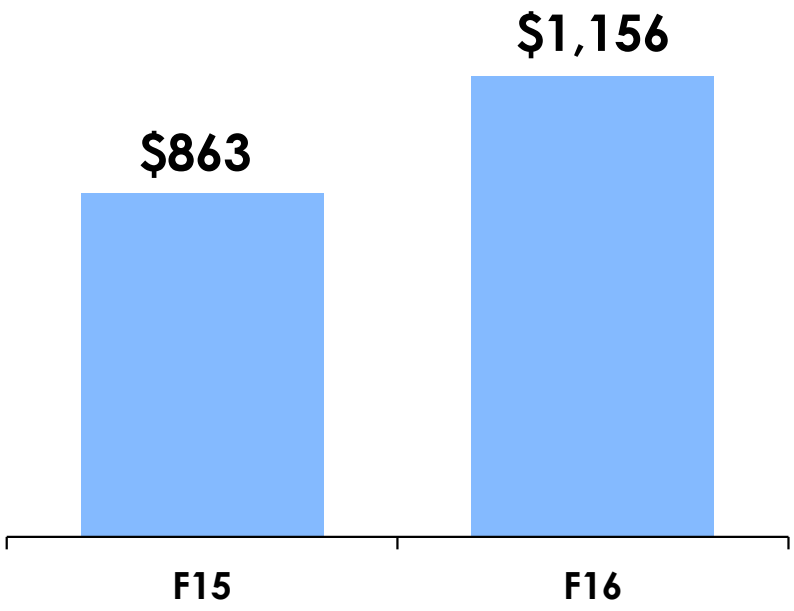
($ in Millions)

	Q2		
	F16	**F15**	**% Change**
Accounts Receivable	$1,461	$1,706	
Inventories	1,455	1,893	
Accounts Payable	1,704	1,657	
Total Core Working Capital	**$1,212**	**$1,942**	**-38%**

First Half Fiscal 2016 Cash Flow Highlights

1H Operating Cash Flow

($ in Millions)



Uses of Cash

- Fixed Asset Investment = $294MM
- Dividends Paid = $531MM
- Share Repurchases = $549MM

Update on Cost Savings Initiatives

- Targeting $400MM in F16 COGS HMM Savings

- Remain on Track to Deliver $285 - $310MM of Additional F16 Cost Savings
  - Includes Savings From Project Century, Project Catalyst, Project Compass, and Policies & Practices Update (ZBB)

- Updated Cost Savings Targets Reflect Expanded Project Century Activity
  - F17: $450MM
  - F18: $500MM

Green Giant Impact on Financial Performance

	Impact to Constant-currency Growth*	
	Fiscal 2016	**Fiscal 2017**
Net Sales	-2 pts	-1 pts
Segment Operating Profit	-2 pts	-1 pts
Adjusted Diluted EPS	-7 cents	-3 cents

*Non-GAAP measures.

Fiscal 2016 Guidance Updated for Divestiture of Green Giant

*Constant-currency Growth (52 vs 53 wks)**

	Prior Guidance	Green Giant Divestiture	Updated Guidance
Net Sales	Flat	-2 pts	-LSD
Segment Operating Profit	+LSD	-2 pts	Flat
Adjusted Diluted EPS	+MSD	-7 cents	+LSD

*Non-GAAP measures.



First Half 2016 International Update

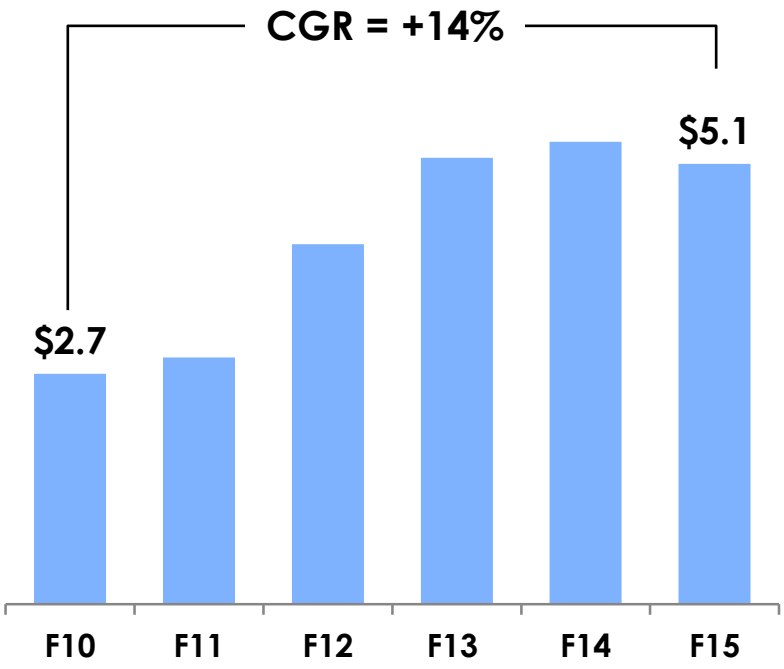
Chris O'Leary

Executive Vice President;

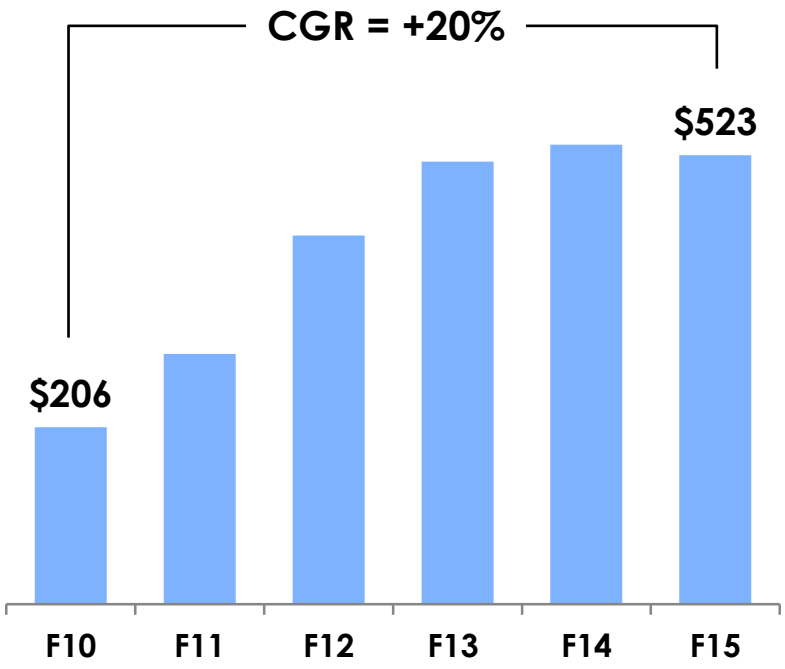
Chief Operating Officer – International

Strong Growth Performance

International Segment
Net Sales
($ in Billions)

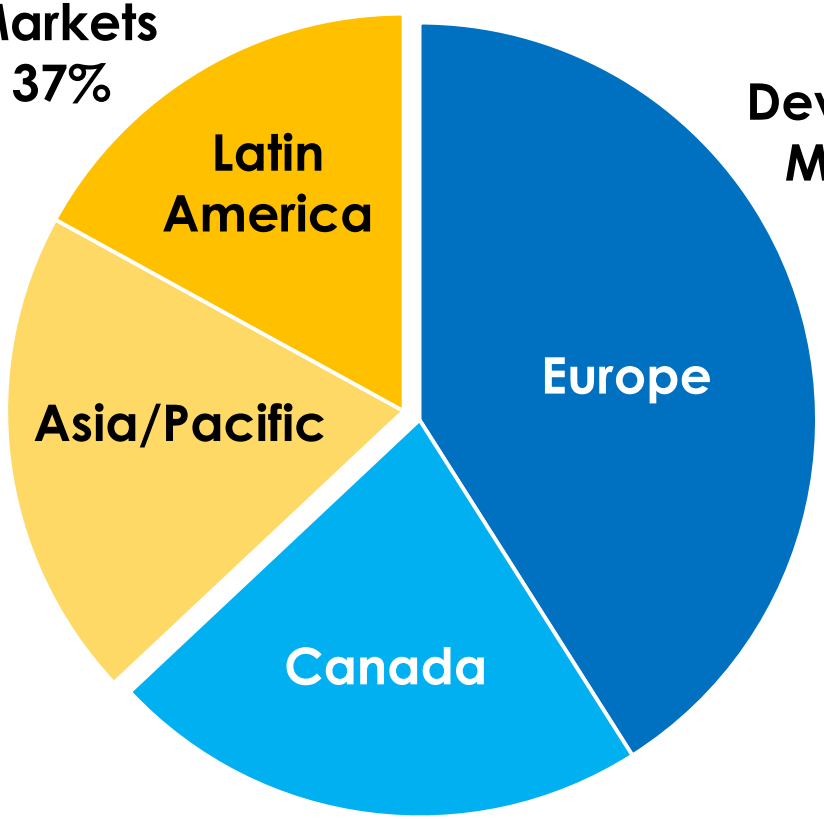


International Segment
Operating Profit
($ in Millions)



	F10	F15
Profit Margin :	7.7%	10.2%

International Segment – Developed and Emerging Markets



F15 Net Sales: $5.1 Billion

International Segment First Half Fiscal 2016 Financial Summary

($ in Millions)

	$	% Change	Constant-currency % Change*
Net Sales	$2,356	-12%	+4%
Segment Operating Profit	253	-10%	+8%



*Non-GAAP measures. See appendix for reconciliation.

Renovation and Innovation Driving Growth in Canada

1H F16 Constant-currency Net Sales Growth: +4%*

Cereal



1H F16 Retail Sales: -1%
Dollar Share: +0.3 pts.

Snacks



1H F16 Retail Sales: +14%

Yogurt



1H F16 Retail Sales: Flat

*Non-GAAP measure. See appendix for reconciliation.
Source: Nielsen FYTD through 11/21/15.

Europe Highlights

1H F16 Constant-currency Net Sales Growth: +2%*

Häagen-Dazs



FYTD Retail Sales: +16%

Old El Paso



FYTD Retail Sales: Flat

*Non-GAAP measure. See appendix for reconciliation.
Source: Nielsen FYTD through October 2015.

Latin America Highlights

1H F16 Constant-currency Net Sales Growth: +9%*



Brazil:

- Q2 Net Sales Up LSD
- Continued Macro Headwinds

Mexico:

- 1H Net Sales Up DD





*Non-GAAP measure. See appendix for reconciliation.

Asia/Pacific Highlights

Asia/Pacific 1H F16 Constant-currency Net Sales Growth: +2%*

Wanchai Ferry in China







1H F16 Net Sales -5%**

Häagen-Dazs in China







1H F16 Net Sales +2%**

*Non-GAAP measure. See appendix for reconciliation.
**Actual net sales in local currency translated to USD at a fixed exchange rate

Yoplait Off to a Good Start in China







Gaining Share in Shanghai

Sweet Snacking Driving Growth in AMEA

Häagen-Dazs New Flavors



1H F16 Net Sales: +9%*

Expanding Baked Goods



Ready-to-eat Baked Treats

New Products and Increasing Distribution in India



1H F16 Net Sales: +21%*

*Actual net sales in local currency translated to USD at a fixed exchange rate

International Restructuring Update

Project Compass

- Streamlining International Organizational Structure
- On Track for $45 - $50 Million Cost Savings

Project Century

- UK and New Zealand Plant Closures

Actions subject to consultation where required.

International Segment Summary

- Good Growth in Developed Markets with Consumer-first Renovation and Innovation
- Emerging Markets Delivering Growth; China and Brazil Remain Challenging
- Funding our Future with Productivity; Additional Margin Expansion Ahead

*In Constant Currency.



First Half 2016 Operating Highlights

Ken Powell
Chairman and CEO

U.S. Retail First-half Fiscal 2016 Financial Summary

($ in Millions)

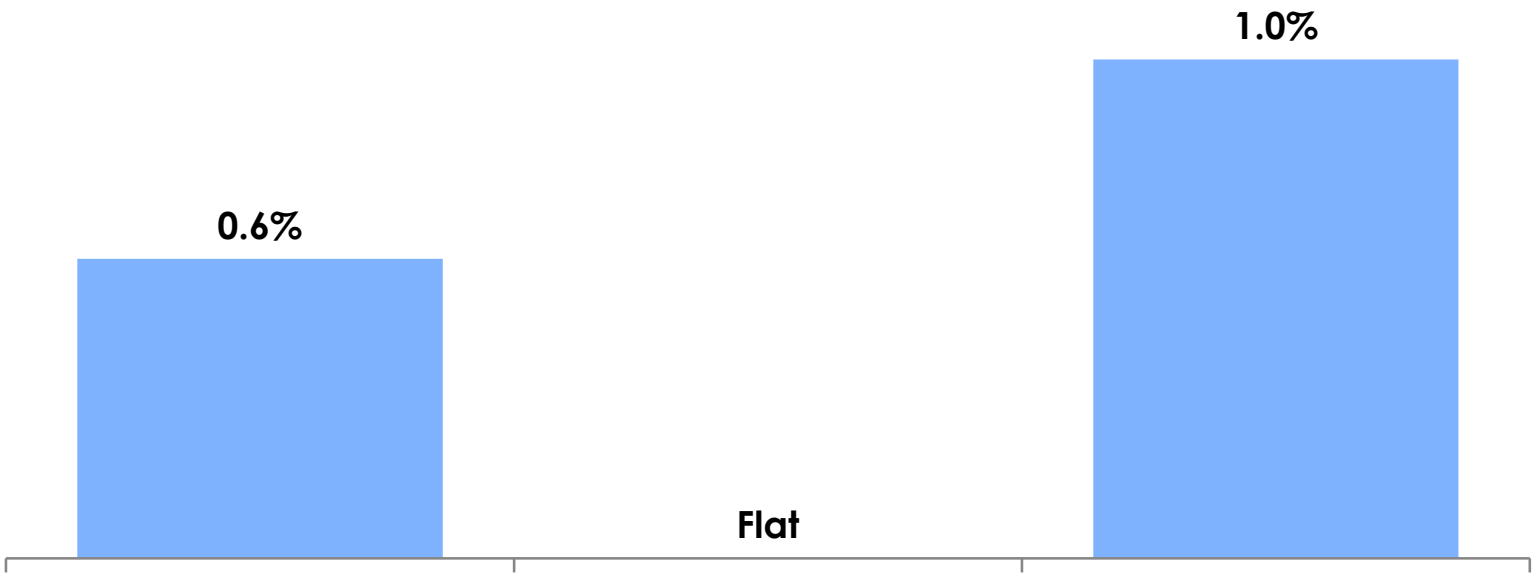
	$	% Change
Net Sales	$5,293	Flat
Segment Operating Profit	1,230	15%



Acquisition and Divestiture: +1 Point of Net Sales Growth

Our Categories Have Returned to Growth

U.S. Retail Segment Categories
Dollar Volume Growth



	F14	F15	F16 YTD
Units:	-0.3%	-1.9%	-1.0%
Price:	+0.8%	+2.0%	+2.1%

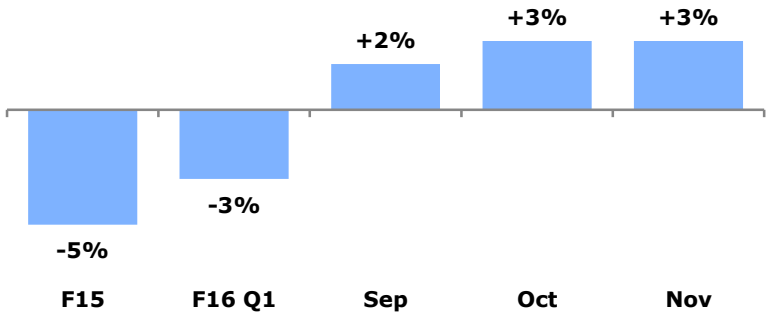
Source: Nielsen XAOC,
F16 YTD ended 11.21.15

First-half Fiscal 2016 Retail Sales Trends

- Snacks and Cereal Renovation Working, but Merchandising Lower than Expected
- Yogurt Impacted by Significant Competitive Activity
- Improved Performance in Meals and Baking

U.S. Cereal First-half Highlights

Gluten Free Cheerios Varieties
Base Dollar Growth







Source: Nielsen Total U.S. Food, November ended 11.21.15



1H F16 Retail Sales +7%

Source: Nielsen XAOC, FYTD ended 11.21.15

U.S. Cereal Second-half News





No Artificial Flavors and Colors News





Expanding Nature Valley Cereal Franchise

More U.S. Cereal Second-half News

Promotions Leveraging Top Movie Equities







Increased Media Spending





U.S. Grain Snacks Highlights

Renovation



Innovation







New Marketing Campaigns





U.S. Yogurt Second-half News

Merchandising and Consumer Support





2H F16 Innovation





U.S. Natural and Organic Highlights

1H F16 Annie's Retail Sales Growing +8%

Core



Expansion



Cascadian Farm Grain Snacks



1H F16 Retail Sales: +18%

Cascadian Farm Cereals



1H F16 Retail Sales: +8%

Source: Nielsen XAOC FYTD ended 10.31.15, Natural Supermarkets FYTD ended 11.1.15, Whole Foods FYTD ended 11.1.15

Additional U.S. Retail Highlights

Soup



Desserts



Mexican



Totino's Hot Snacks



Convenience Stores & Foodservice First-half Fiscal 2016 Financial Summary

($ in Millions)

	$	% Change
Net Sales	$984	-2%
Segment Operating Profit	183	Flat



Convenience Stores & Foodservice First-half Highlights





Frozen Meals







Snacks





Cereal



Yogurt

Today's General Mills Summary

- First-half Growth in Constant-currency Net Sales, Segment Operating Profit, and Adjusted Diluted EPS*
- Taking Actions to Strengthen Retail Sales Performance in the Second Half
- Increasing Cost Savings Target to $500MM by Fiscal 2018
- On Track to Deliver Fiscal 2016 Growth Goals Excluding Impact of Green Giant Divestiture

*Non-GAAP measures.

Reconciliation of Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q2	
	2016	**2015**
U.S. Retail	$600	$616
International	136	134
Convenience Stores & Foodservice	103	96
Total Segment Operating Profit	$839	$847
Unallocated Corporate Items	71	73
Gain on Divestiture	-199	--
Restructuring, Impairment, and Other Exit Costs	61	215
Operating Profit	$906	$559

Table does not foot due to rounding.

Reconciliation of Second Quarter Adjusted Diluted EPS and Related Constant-currency Growth Rate

(Fiscal Years)

	Q2		
	2016	**2015**	**Change**
Diluted EPS	$0.87	$0.56	55%
Mark-to-market Effects	(0.01)	--	
Divestiture (gain)	(0.14)	--	
Restructuring	0.08	0.24	
Project-related costs	0.02	--	
Adjusted Diluted EPS	$0.82	$0.80	2%
Impact of Foreign Currency Exchange			-3 pts
Adjusted Diluted EPS on a Constant-currency Basis			5%

Reconciliation of First Half Adjusted Diluted EPS and Related Constant-currency Growth Rate

(Fiscal Years)

	First Half 2016		
	2016	**2015**	**Change**
Diluted EPS	$1.56	$1.11	40%
Mark-to-market Effects	(0.01)	0.05	
Divestiture (gain)	(0.14)	--	
Restructuring	0.17	0.25	
Project-related costs	0.03	--	
Adjusted Diluted EPS	$1.61	$1.41	14%
Impact of Foreign Currency Exchange			-4 pts
Adjusted Diluted EPS on a Constant-currency Basis			18%

Reconciliation of Second Quarter International Constant-currency Net Sales Growth

(Fiscal Year)

	Q2 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	-13%	-11 pts	-2%
Canada	-13	-16	3
Asia/Pacific	-3	-5	2
Latin America	-21	-38	17
Total International	-12%	-15 pts	3%
Total Net Sales	-6%	-4 pts	-2%

Reconciliation of First Half International Constant-currency Net Sales Growth

(Fiscal Year)

	First Half 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	-12%	-14 pts	2%
Canada	-12	-16	4
Asia/Pacific	-1	-3	2
Latin America	-23	-32	9
Total International	-12%	-16 pts	4%
Total Net Sales	-4%	-5 pts	1%

Reconciliation of Adjusted Gross Margin

(Fiscal Years, $ in Millions)

	Q2 2016		Q2 2015	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$4,425		$4,712	
Gross Margin as Reported	1,541	34.8%	1,619	34.4%
Mark-to-market Effects	(8)		5	
Restructuring	22		19	
Project-related costs	16		1	
Adjusted Gross Margin	$1,571	35.5%	$1,643	34.9%

Table does not foot due to rounding.

Reconciliation of Constant-currency International Segment Operating Profit Growth

(Fiscal 2016)

	International Segment Operating Profit		
	% Change in Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	% Change in Segment Operating Profit on a Constant-currency Basis
Q2	1%	-18 pts	19%
1H	-10%	-18 pts	8%

Reconciliation of Constant-currency After-tax JV Earnings

(Fiscal 2016)

	Total After-tax Earnings from Joint Ventures		
	% Change in After-tax JV Earnings as Reported	Impact of Foreign Currency Exchange	% Change in After-tax JV Earnings on a Constant-currency Basis
Q2	-15%	-9 pts	-6%
1H	-8	-13 pts	5

Reconciliation of Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Q2 2016		Q2 2015	
	Pre-tax Earnings*	**Income Taxes**	**Pre-tax Earnings***	**Income Taxes**
As Reported	$832	$312	$482	$153
Mark-to-market effects	(8)	(3)	5	2
Restructuring	83	30	233	86
Project-related costs	16	6	1	--
Divestiture (gain)	(199)	(111)	--	--
Acquisition Integration Costs	--	--	4	1
As Adjusted	$724	$234	$724	$243
Effective Tax Rate:				
As Reported		37.4%		31.8%
As Adjusted		32.3%		33.5%

* Earnings before income taxes and after-tax earnings from joint ventures.
Table does not foot due to rounding.

Reconciliation of Constant-currency Total Segment Operating Profit Growth

(Fiscal 2016)

	Total Segment Operating Profit		
	% Change in Total Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	% Change in Total Segment Operating Profit on a Constant-currency Basis
Q2	-1%	-3 pts	2%
1H	8	-4 pts	12