

General Mills

Fiscal 2016
First 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. Forward-looking statements regarding the sale of our Green Giant business are subject to obtaining necessary approvals and consents for the transaction, fulfillment of other transaction conditions, economic conditions, and overall business and capital allocation strategy. The company undertakes no obligation to publicly revise any forward-looking statements to reflect any future events or circumstances.



First Quarter 2016 Financial Review

Don Mulligan

Executive Vice President;
Chief Financial Officer

First Quarter Fiscal 2016 Summary

- Strong Constant-currency Growth in Net Sales, Total Segment Operating Profit*, and Adjusted Diluted EPS*
- Cost Savings Initiatives on Target
- On Track to Deliver F16 Growth Goals**

*Non-GAAP measures.
**Excluding impact of proposed Green Giant divestiture.

Green Giant Divestiture

- Selling Green Giant Brand to B&G Foods; General Mills Will Continue to Operate in Europe and Select Other Markets Via Royalty-free License
- Gross Sale Proceeds of Approximately $765MM
- Net Cash Proceeds to be Used for Share Repurchases and Debt Reduction
- Estimated F16 EPS Dilution of Approximately $0.05-$0.07*
- Transaction Expected to Close by End of CY 2015

*Excludes transaction costs and a one-time gain on the sale.

First Quarter Fiscal 2016 Financial Summary

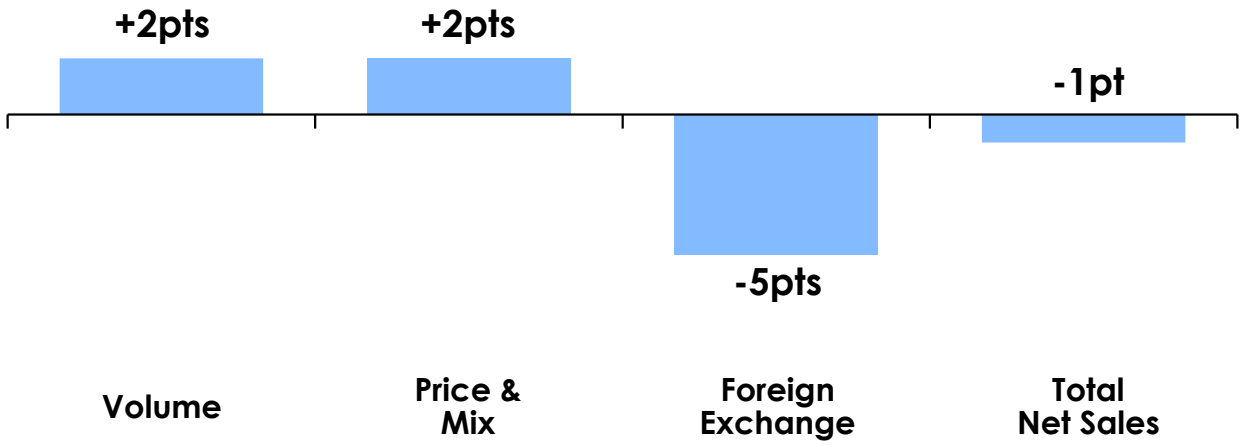
($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$4,208	-1%	+4%
Segment Operating Profit*	826	+20%	+23%
Net Earnings Attributable to General Mills	427	+24	
Diluted EPS	$0.69	+25	
Certain Items Affecting Comparability	0.10		
Adjusted Diluted EPS*	$0.79	+30%	+36%

*Non-GAAP measures. See appendix for reconciliation.

First Quarter Fiscal 2016
Components of Net Sales Growth

(As Reported)



Annie's Contribution: 1 Point of Volume Growth, 2 Points of Net Sales Growth

First Quarter Fiscal 2016
U.S. Retail Segment



Q1 Net Sales Growth

Cereal	+6%
Meals	+6
Yogurt	+4
Snacks	+2
Baking Products	Flat
Total U.S. Retail	**+4%**

U.S. Retail Sales Trends

- U.S. Retail Net Sales Outpaced Consumer Movement in Q1
  - Growth in Non-measured Channels
  - Customer Inventory Build
  - High Promotional Expense in Year-ago Period
    - Growth in Net Sales and Consumer Movement Comparable on 2-Year Basis
- Expect Stronger Consumer Movement in Q2

First Quarter Fiscal 2016
Convenience Stores & Foodservice Segment



Q1 Net Sales Growth

6 Focus Platforms	+9%
Other	-6
Total CS&F	**+1%**

First Quarter Fiscal 2016 International Segment

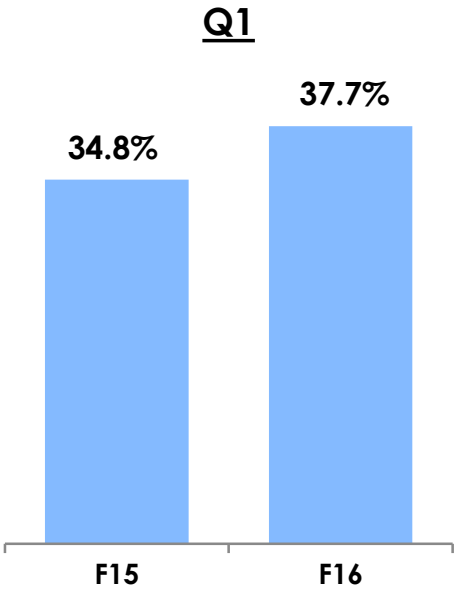
Q1 Constant-currency Net Sales Growth*

Europe	+7%
Canada	+5
Asia / Pacific	+3
Latin America	+3
Total International	**+5%**



*Non-GAAP measure. See appendix for reconciliation.

Adjusted Gross Margin Results*



- F15 First Quarter Impacted by High Promotional Expense
- Benefit from Cost Savings Projects
- HMM Offsetting Inflation
- Expect 2% Inflation for Full Year

*Non-GAAP measure. See appendix for reconciliation.

First Quarter Fiscal 2016 Segment Operating Profit

($ in Millions)

	$	% Change	Constant-currency % Change*	Memo: Q1 F15 Constant-currency % Change*
Total Segment Operating Profit*	**$826**	**+20%**	**+23%**	**-15%**
U.S. Retail	630	+38		-25
International	117	-20	-3	+17
Convenience Stores & Foodservice	80	-9		+18

*Non-GAAP measure. See appendix for reconciliation.

First Quarter Fiscal 2016 Joint Venture Results

*After-tax Earnings: $26MM; +16% vs. LY in Constant Currency**



Cereal Partners Worldwide
Net Sales -2%**



Häagen-Dazs Japan
Net Sales +9%**

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

First Quarter Fiscal 2016
Other Income Statement Items

- Restructuring & Project-related Charges of $95MM Pretax (Includes $35MM in Cost of Sales)
- Unallocated Corporate Expense Decreased Excluding Certain Items
- Net Interest Expense $3MM Below Last Year
- Adjusted Effective Tax Rate 32.3%, Flat to LY*
- Average Diluted Shares Outstanding Down 2%

*Non-GAAP measure. See appendix for reconciliation.

Core Working Capital

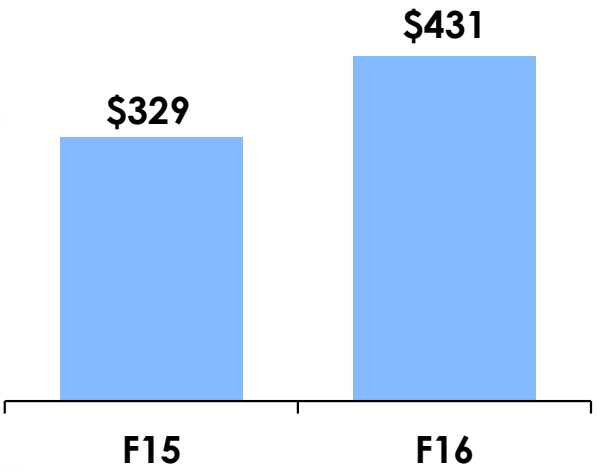
($ in Millions)

	Q1		
	F16	**F15**	**% Change**
Accounts Receivable	$1,532	$1,623	
Inventories	1,796	1,823	
Accounts Payable	1,760	1,571	
Total Core Working Capital	**$1,568**	**$1,875**	**-16%**

First Quarter Fiscal 2016 Cash Flow Highlights

Operating Cash Flow

($ in Millions)



Uses of Cash

- Fixed Asset Investment = $147MM
- Dividends Paid = $267MM
- Share Repurchases = $152MM

Update on Cost Savings Initiatives

- Targeting $400MM in F16 COGS HMM Savings

- Incremental Cost Savings Initiatives Remain on Track (Project Century, Project Catalyst, Project Compass, and Policies & Practices Update)
  - Cumulative Annual Savings
    - **F15**: $75MM
    - **F16 Goal**: $285 - $310MM
    - **F17 Goal**: $400MM+

Reaffirming Fiscal 2016 Guidance

(Guidance Excludes Impact of Green Giant Divestiture)

	Constant-currency Growth (52 vs 53 wks)
Net Sales	Flat
Segment Operating Profit*	+LSD
Adjusted Diluted EPS*	+MSD

*Non-GAAP measures.



U.S. Retail Sales Update

Shawn O'Grady
Senior Vice President; President, Sales and Channel Development

U.S. Retail Salesforce

Leading Profitable Growth:

- Supporting U.S. Retail Priorities
- Growth Across Channels
- Quality Execution



U.S. Retail Sales



1,700 Sales Employees



Expertise in 25 Categories



Across 3 Temperature States



Average 690 SKUs/Store

U.S. Retail Priorities

Grow Cereal	Cheerios
Accelerate Yogurt and Snacks	yoplait, NATURE VALLEY
Drive Double-digit Growth on Natural & Organic Portfolio	LÄRABAR, Annie's HOMEGROWN, Cascadian Farm ORGANIC SINCE 1972
Deliver Consumer-first Value on Key Brands	Hamburger Helper, Betty Crocker

Grow Cereal

Gluten Free Cheerios



- Full Pallet In-store Displays
- Customized Point-of-sale
- Digital Tie-in with Customers

Accelerate Yogurt & Snacks

Brand Innovation



- Secure Shelf Space
- Seed Launch with Introductory Merchandising
- Execute In-store Sampling

Drive Growth on Natural & Organic

Distribution Expansion



- Strengthen Core Distribution
- Expand into New Channels
- Sell New Offerings

U.S. Retail Landscape

Grocery



5-Year F&B Industry CGR:
+LSD

Supercenter



5-Year F&B Industry CGR:
+LSD

Alternative Channels



5-Year F&B Industry CGR:
+HSD

Source: Kantar Retail, Nielsen scanner data, company estimates.

Growth Across Channels

Club



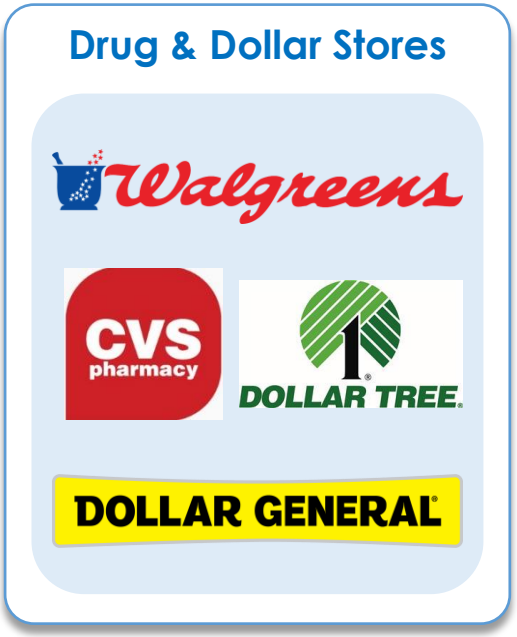
- Win in Snacking Occasion
- Leverage Strong Product Credentials
- Launch Unique Innovation

Growth Across Channels



- 3rd Largest U.S. N&O Food Manufacturer
- Increasing Resources
- Leveraging Annie's Expertise to Grow General Mills Natural & Organic Brands

Growth Across Channels



- Drug: Health Needs
- Dollar: Key Price Points
- Leading Advisor on Food

Growth Across Channels

E-commerce



amazon

Walmart.com

Peapod

- Virtual Shelf / Captaincies
- Smaller Brands: Spearfishing
- Bigger Brands: Full Basket Shopping

Quality Execution

On-Shelf Distribution



In-Store Display



Quality Distribution

POWER 450

Top 450 SKUs

75% of Volume

25% Distribution Gap

Significant Growth Opportunity



Source: Nielsen scanner data; internal shipment data.

Quality Display



Optimizing In-Store Display

- **Focus on Most Productive Categories**
- **Focus on Leading National Brands**
- **Feature Fewer, Larger Items**

Reaching Hispanic Consumers

Priority Categories

yoplait

Honey Nut Cheerios

NATURE VALLEY

Targeted Channels

Walmart

H-E-B

Kroger

CARDENAS

El Super cuesta menos

Quality Execution





U.S. Retail Salesforce

Leading Profitable Growth:

- Supporting U.S. Retail Priorities
- Growth Across Channels
- Quality Execution





Operating Highlights

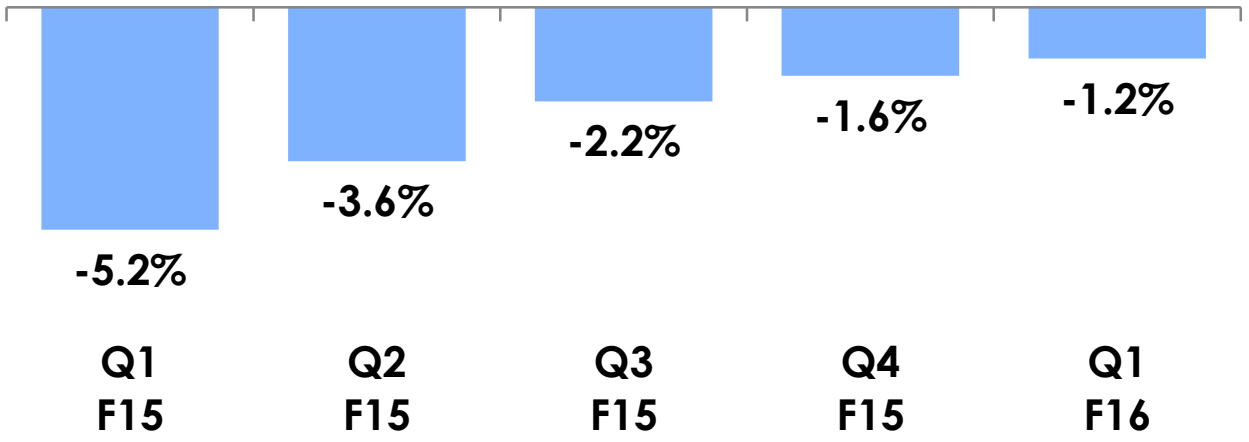
Ken Powell
Chairman and CEO

Progress on U.S. Retail Fiscal 2016 Priorities

- Growing Cereal, Yogurt and Snacks
- Increasing Distribution on Natural & Organic Products
- Addressing Value on Key Brands

Improving U.S. Cereal Trends

(RTE Cereal Category Retail Sales)



Source: Nielsen XAOC.

U.S. Cereal
Renovation and Innovation



Gluten-free Cheerios
Off to a Good Start

First Half Fiscal 2015



Second Half Fiscal 2015



Expanding Nature Valley
Franchise

U.S. Yogurt Continues to Grow

(Q1 Retail Sales)



Yoplait Greek
+11%



Yoplait Original
+4%

Source: Nielsen XAOC ended 8.29.15.

U.S. Snacks Highlights











- Retail Sales Growth in Grain Snacks
- Retail Sales Declines in Fruit and Salty Snacks Due to Lower Merchandising
- Strong Levels of Innovation in 2H

Source: Nielsen XAOC ended 8.29.15.

Natural & Organic Portfolio Innovation





Cereal







Soup









Snacks

Introducing Annie's Yogurt



- Organic, Whole-milk Yogurt
- Three Kid-friendly Flavors
- Launching in January 2016

Additional U.S. Retail First-quarter Highlights



Old El Paso
Q1 Retail Sales: +2%



Totino's Hot Snacks
Q1 Retail Sales: +4%



Progresso Soup
Launches



Improved
Value

Source: Nielsen XAOC ended 8.29.15.

Convenience Stores & Foodservice First-quarter Highlights



Cereal



Yogurt



Snacks



Frozen Meals

International Highlights - Canada

*Q1 Constant-currency Net Sales: +5%**



Grain Snacks
Q1 Retail Sales Growth: +18%



Yogurt
Q1 Retail Sales Growth: +2%

*Non-GAAP measure. See appendix for reconciliation.
Source: Nielsen ended 8.22.15.

International Highlights - Europe

*Q1 Constant-currency Net Sales: +7%**



Häagen-Dazs
Q1 Retail Sales Growth: +22%



Old El Paso
Q1 Retail Sales Growth: +3%

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

International Highlights - Asia/Pacific Region

*Q1 Constant-currency Net Sales: +3%**

China



Häagen-Dazs



Wanchai Ferry



Yoplait Off to a Good Start

AMEA



Snacks



Häagen-Dazs

*Non-GAAP measure. See appendix for reconciliation.

International Highlights - Latin America













- Q1 Constant-currency Net Sales: +3%*
- Good Growth in Argentina and Mexico
- Challenging Market Conditions in Brazil

*Non-GAAP measure. See appendix for reconciliation.

General Mills
First Quarter Fiscal 2016 Summary

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- Cost Savings Initiatives on Target
- On Track to Deliver F16 Growth Goals**

*Non-GAAP measures.
**Excluding impact of proposed Green Giant divestiture.

Reconciliation of First Quarter Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q1	
	2016	**2015**
U.S. Retail	$630	$457
International	117	146
Convenience Stores & Foodservice	80	87
Total Segment Operating Profit	$826	$690
Unallocated Corporate Items	83	119
Restructuring, Impairment, and Other Exit Costs	60	14
Operating Profit	$683	$558

Table does not foot due to rounding.

Reconciliation of First Quarter Constant-currency Net Sales Growth

(Fiscal Years)

	Q1 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	-10%	-17 pts	7%
Canada	-11	-16	5
Asia/Pacific	Flat	-3	3
Latin America	-26	-29	3
Total International	-11%	-16 pts	5%
Total Net Sales	-1%	-5 pts	4%

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

(Fiscal Years)

	Q1		
	2016	**2015**	**Change**
Diluted EPS	$0.69	$0.55	+25%
Mark-to-market effects	--	.05	
Restructuring costs	.09	.01	
Project-related costs	.01	--	
Adjusted Diluted EPS	$0.79	$0.61	+30%
Impact of Foreign Currency Exchange			-6
Adjusted Diluted EPS on a constant-currency basis			+36%

First Quarter Fiscal 2016 Reconciliation of Constant-currency Segment Operating Profit Growth

(Fiscal Years)

	Q1 2016		
	% Change in Segment Operating Profit as Reported	**Impact of Foreign Currency Exchange**	**% Change in Segment Operating Profit on a Constant-currency Basis**
International Segment Operating Profit	-20%	-17 pts	-3%
Total Segment Operating Profit	20%	-3 pts	23%

Reconciliation of First Quarter Adjusted Gross Margin

(Fiscal Years, $ in Millions)

	Q1			
	2016		2015	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$4,208		$4,268	
Gross Margin as Reported*	1,555	36.9%	1,439	33.7%
Mark-to-market effects	-3		49	
Restructuring charges	22		--	
Project-related costs	13		--	
Adjusted Gross Margin	$1,587	37.7%	$1,488	34.8%

*Net sales less cost of sales.

First Quarter Fiscal 2015 Reconciliation of Constant-currency Segment Operating Profit Growth

(Fiscal Years)

	Q1 2015		
	% Change in Segment Operating Profit as Reported	**Impact of Foreign Currency Exchange**	**% Change in Segment Operating Profit on a Constant-currency Basis**
International Segment Operating Profit	16%	-1 pts	17%
Total Segment Operating Profit	-15%	--	-15%

Reconciliation of Constant-currency After-tax JV Earnings

(Fiscal Years)

	Q1 2016		
	% Change in After-tax JV Earnings as Reported	Impact of Foreign Currency Exchange	% Change in After-tax JV Earnings on a Constant-currency Basis
Total After-tax Earnings from Joint Ventures	-1%	-17 pts	16%

Reconciliation of Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Q1 2016		Q1 2015	
	Pre-tax Earnings*	**Income Taxes**	**Pre-tax Earnings***	**Income Taxes**
As Reported	$608	$199	$479	$153
Mark-to-market effects	-3	-1	49	18
Restructuring charges	82	24	14	5
Project-related costs	13	5	--	--
As Adjusted	$700	$226	$542	$175
Effective Tax Rate:				
As Reported		32.7%		31.8%
As Adjusted		32.3%		32.3%

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