

General Mills

Fiscal 2016
Third 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.



Third Quarter 2016 Financial Review

Don Mulligan
Executive Vice President;
Chief Financial Officer

Third Quarter Fiscal 2016 Summary

- Third Quarter Results in Line with Expectations
- Foreign Exchange and Green Giant Divestiture Impacting Reported Results
- 5th Consecutive Quarter of Adjusted Operating Profit Margin* Expansion
- Reaffirming Fiscal 2016 Growth Targets

*Non-GAAP measure.

Third Quarter Fiscal 2016 Financial Summary

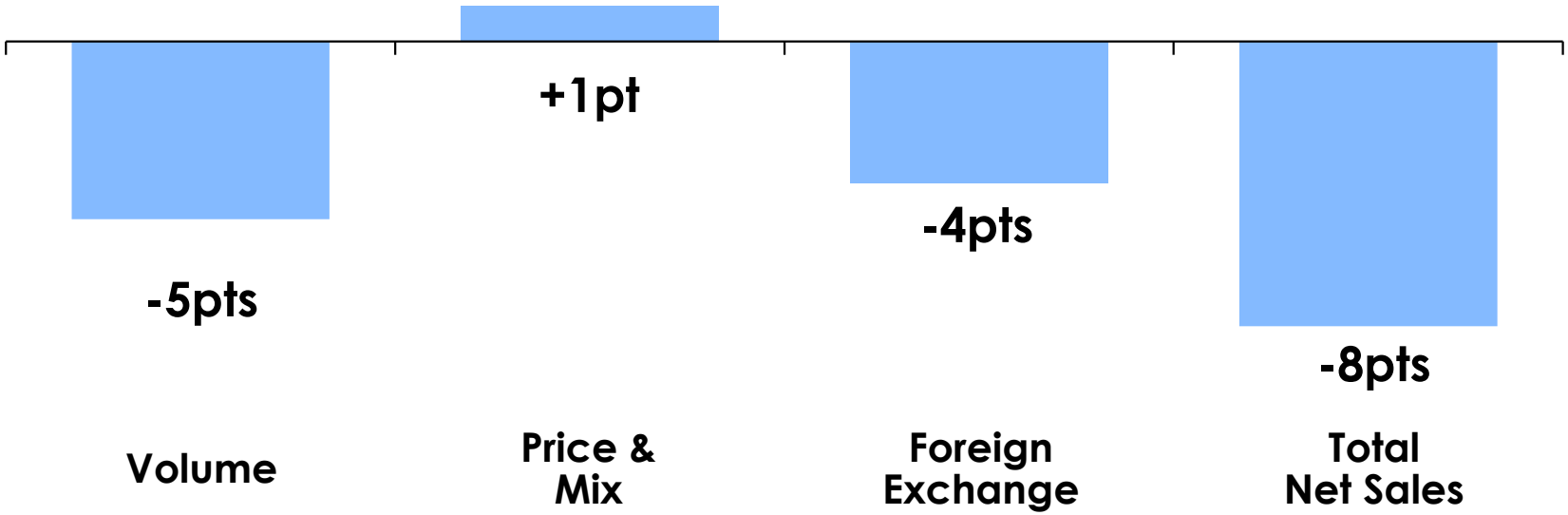
($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$4,002	-8%	-4%
Segment Operating Profit*	679	-3	-1
Net Earnings Attributable to General Mills	362	+5	
Diluted EPS	$0.59	+5	
Certain Items Affecting Comparability	0.06		
Adjusted Diluted EPS*	$0.65	-7%	-6%

*Non-GAAP measures. See appendix for reconciliation.

Third Quarter Fiscal 2016 Components of Net Sales Growth

(As Reported)



Divestiture: -4 Points of Volume Growth, -3 Points of Net Sales Growth

Third Quarter Fiscal 2016
U.S. Retail Segment

Net Sales Growth

	Q3	YTD
Cereal	-2%	Flat
Snacks	-2	Flat
Baking Products	-3	-1
Yogurt	-10	-4
Meals	-14	-5
Total U.S. Retail	**-7%**	**-2%**



Acquisition / Divestiture: -5 Points of Net Sales Growth in Q3, -1 Point YTD

Third Quarter Fiscal 2016
Convenience Stores & Foodservice Segment



Net Sales Growth

	Q3	YTD
6 Focus Platforms	+8%	+6%
Other	-12	-10
Total CS&F	**-2%**	**-2%**

Third Quarter Fiscal 2016 International Segment

Constant-currency Net Sales Growth*

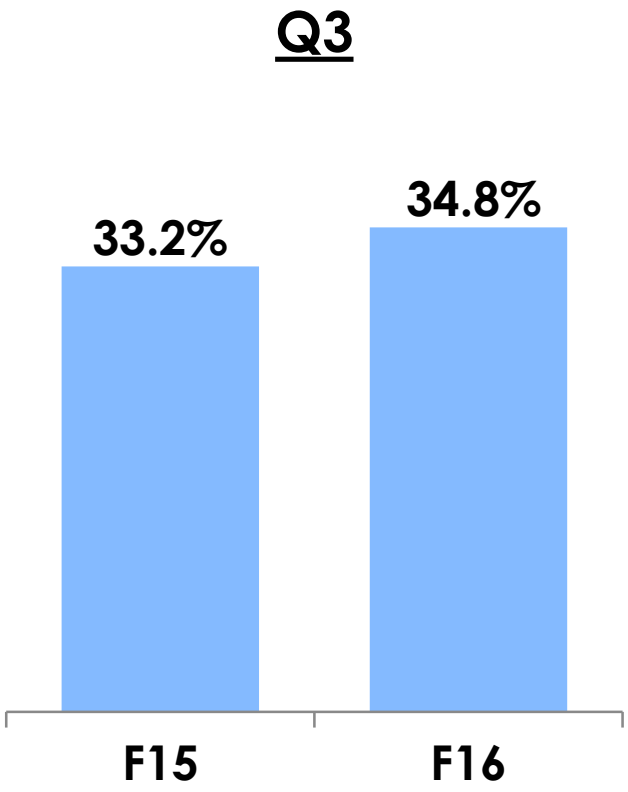
	Q3	YTD
Latin America	+16%	+11%
Asia / Pacific	+4	+3
Europe	-2	+1
Canada	-14	-2
Total International	**Flat**	**+2%**



Divestiture: -2 Points of Net Sales Growth in Q3, -1 Point YTD As Reported

*Non-GAAP measure. See appendix for reconciliation.

Third Quarter Fiscal 2016 Adjusted Gross Margin Results*



- Cost Savings Offsetting Modest Input Cost Inflation
- Expect 1% Inflation for Full Year
- ~85% Covered for Full Year

*Non-GAAP measure. See appendix for reconciliation.

Third Quarter Fiscal 2016 Segment Operating Profit

($ in Millions)

	$	% Change	Constant-currency % Change*
Total Segment Operating Profit*	**$679**	**-3%**	**-1%**
U.S. Retail	518	Flat	
International	70	-35	-24
Convenience Stores & Foodservice	91	+31	

*Non-GAAP measure. See appendix for reconciliation.

Third Quarter Fiscal 2016 Joint Venture Results

After-tax Earnings: $16MM; +19% vs. LY in Constant Currency*



Cereal Partners Worldwide
Net Sales -1%**



Häagen-Dazs Japan
Net Sales +22%**

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

Third Quarter Fiscal 2016 Other Income Statement Items

- Unallocated Corporate Expense Increased Excluding Certain Items
- Restructuring & Project-related Charges of $44MM Pretax (Includes $27MM in Cost of Sales)
- Net Interest Expense $3MM Below Last Year
- Adjusted Effective Tax Rate* 30.8%, Compared to 27.5% Last Year
- Average Diluted Shares Outstanding Down 1%

- Sale of Venezuela Business Closed on March 16, 2016

*Non-GAAP measure. See appendix for reconciliation.

Nine-month Fiscal 2016 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$12,635	-5%	-1%
Segment Operating Profit*	2,345	+5	+8
Net Earnings Attributable to General Mills	1,318	+27	
Diluted EPS	$2.15	+29	
Certain Items Affecting Comparability	0.11		
Adjusted Diluted EPS*	$2.26	+7%	+10%

*Non-GAAP measures. See appendix for reconciliation.

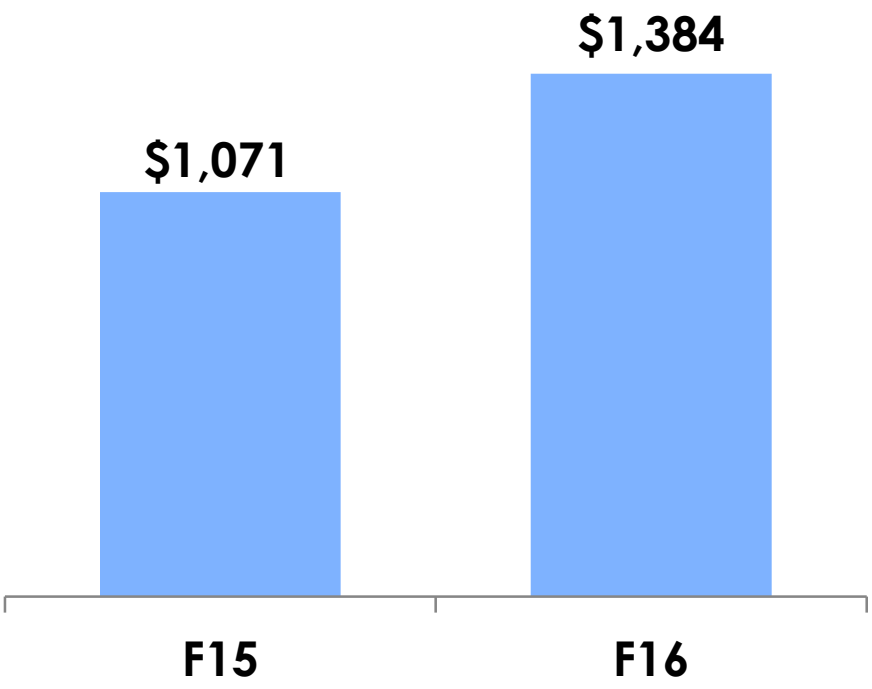
Core Working Capital

($ in Millions)

	Q3		
	F16	**F15**	**% Change**
Accounts Receivable	$1,391	$1,585	
Inventories	1,350	1,585	
Accounts Payable	1,726	1,481	
Total Core Working Capital	**$1,015**	**$1,689**	**-40%**

Update On Free Cash Flow Conversion and Cash Return to Shareholders*

Nine-month Free Cash Flow*
($ in Millions)



- On Track to Deliver F16 FCF Conversion ≥ 95%
- Nine-month Share Repurchases = $602MM
- Nine-month Dividends Paid = $795MM
- 4.5% Dividend Increase Effective May 2nd, 2016
- On Track to Return ≥ 90% of FCF to Shareholders in F16

*Non-GAAP measure. See appendix for reconciliation.

Update on Cost Savings Initiatives

- Targeting $400MM in F16 COGS HMM Savings
- Remain on Track to Deliver $500MM in Additional Savings
  - Includes Project Catalyst, Project Century, Project Compass, and Policies and Practices Updates (ZBB)

Fiscal 2016 Outlook

Annual Expectations in Constant Currency*:

- LSD Decline in Net Sales
- Total Segment Operating Profit in Line with Last Year
- LSD Growth in Adjusted Diluted EPS

Q4 Expectations:

- Comparable Net Sales Growth +LSD
- Reported Net Sales and Earnings Impacted by Currency, Green Giant Sale, and Comparison to 53rd Week
- Highest Quarterly Input Cost Inflation Rate
- Increased Media Investment Versus Last Year

*Non-GAAP measures.



Third Quarter 2016 U.S. Retail Highlights

Jeff Harmening

Executive Vice President;
Chief Operating Officer – U.S. Retail

Today's U.S. Retail Key Messages

- Strong Year-to-date Profit and Margin Performance
- Continued Headwinds in Yogurt and Display Merchandising
- Consumer First Efforts Gaining Traction in Key Businesses

U.S. Retail Nine-month Fiscal 2016 Financial Summary

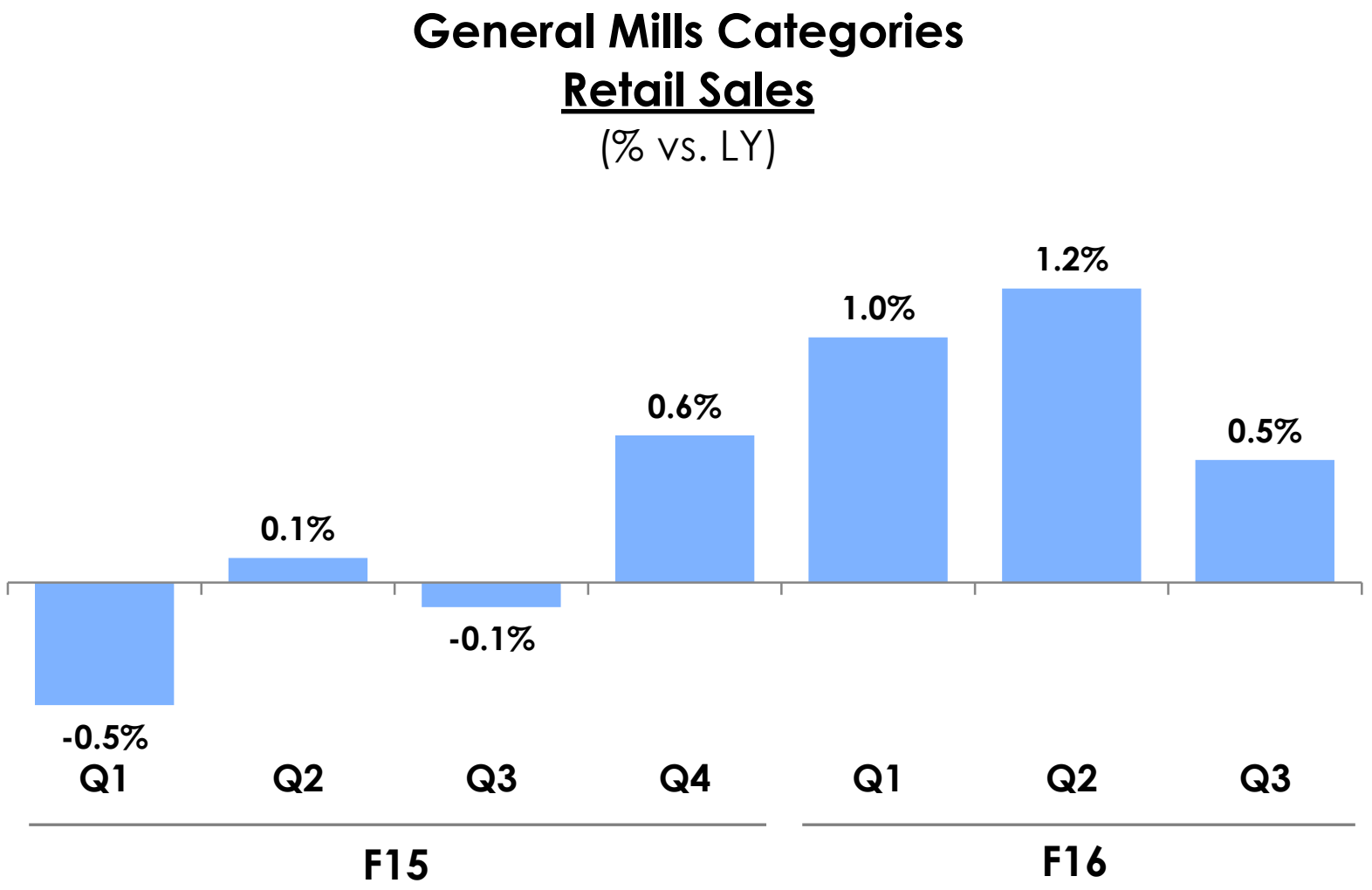
($ in Millions)

	$	% Change
Net Sales	$7,770	-2%
Segment Operating Profit	1,748	10%



Acquisition / Divestiture: -1 Point of Net Sales Growth YTD

U.S. Retail Categories Growing



Source: Nielsen XAOC

U.S. Retail Nine-month Fiscal 2016 Net Sales Summary

U.S. Retail Net Sales
(% vs. LY)

Cereal	Flat
Snacks	Flat
Baking Products	-1
Yogurt	-4
Meals	-5
Total U.S. Retail	**-2%**



Acquisition / Divestiture: -1 Point of Net Sales Growth YTD

U.S. Retail Sales Headwinds

- **Higher Yogurt Competitive Investment**
  - Merchandising Up Double Digits
  - Advertising Spending Doubled

- **Lower Display Merchandising**
  - Display Reductions >30% at Key Customer
  - Cereal and Snacks Particularly Impacted

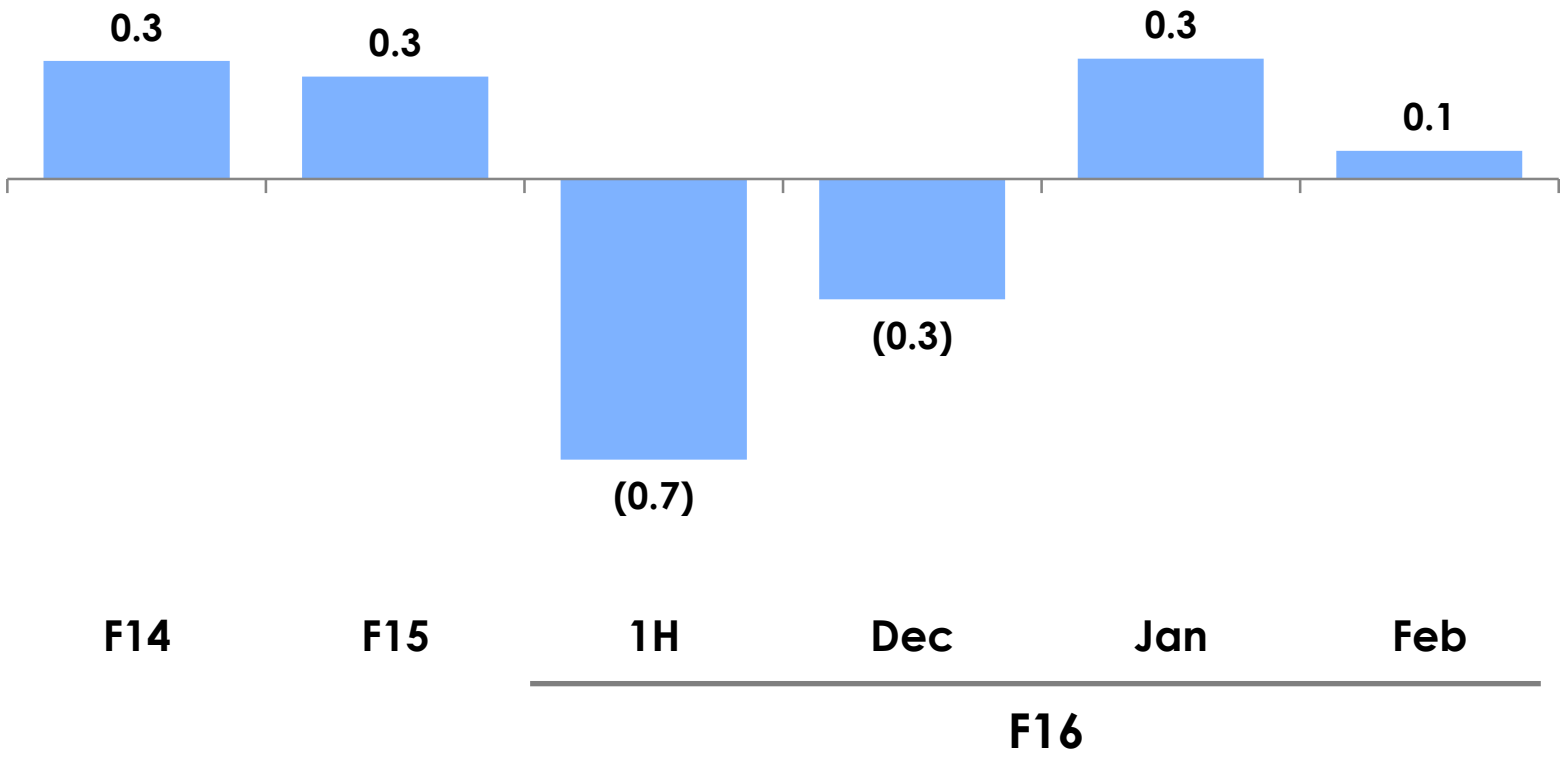
Q3 Impact = -2 Points of Aggregate U.S. Retail Sales Growth

Source: Nielsen XAOC F16 YTD Ended 2.27.16;
Nielsen Ad Views Reported Spend F16 YTD Ended 1.30.16

Resuming Cereal Share Gains in Third Quarter

General Mills Cereal Dollar Share

(Change vs. LY)



Source: Nielsen XAOC F16 YTD Ended 2.27.16

Renovation News Driving Improved Cereal Performance

(Retail Sales Growth vs. LY)

Cheerios

SIMPLY MADE Gluten Free GROWN. MILLED. TOASTED.

+2%
F16 Aug-Feb
(F15 = -8%)

NO HIGH FRUCTOSE CORN SYRUP
NO COLORS FROM ARTIFICIAL SOURCES
NO ARTIFICIAL FLAVORS



+6%
F16 Jan-Feb
(F15 = -6%)

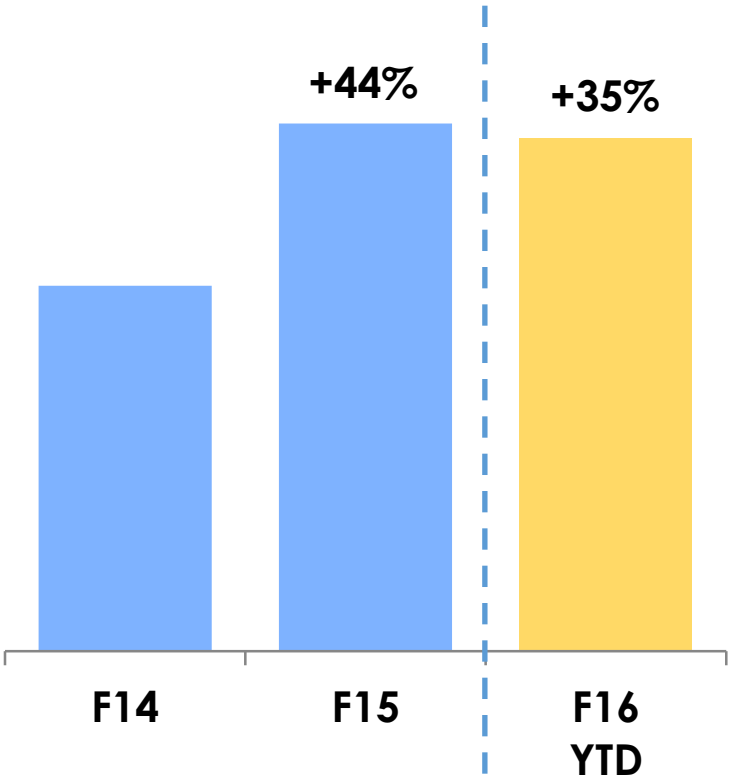


+8%
F16 YTD
(F15 = +8%)

Source: Nielsen XAOC F16 YTD Ended 2.27.16

Nature Valley Cereal Innovation

Nature Valley Cereal
Retail Sales
($ in Millions, % vs. LY)



Source: Nielsen XAOC F16 YTD Ended 2.27.16; Excludes Oatmeal

Nature Valley Portfolio

Protein Granola



5 Varieties

RTE Cereal



3 Varieties

Granola Crunch



2 Varieties

Muesli



2 Varieties

Granola Bites



2 Varieties

Protein Oatmeal



4 Varieties

Yogurt Growth Initiatives

Natural & Organic Attracting New Shoppers





Snacking Message Expanding Occasions



1-UP YOUR CUP





Renovation and Innovation on Nature Valley Grain Snacks







- F16 YTD Retail Sales +MSD in Grocery Channel

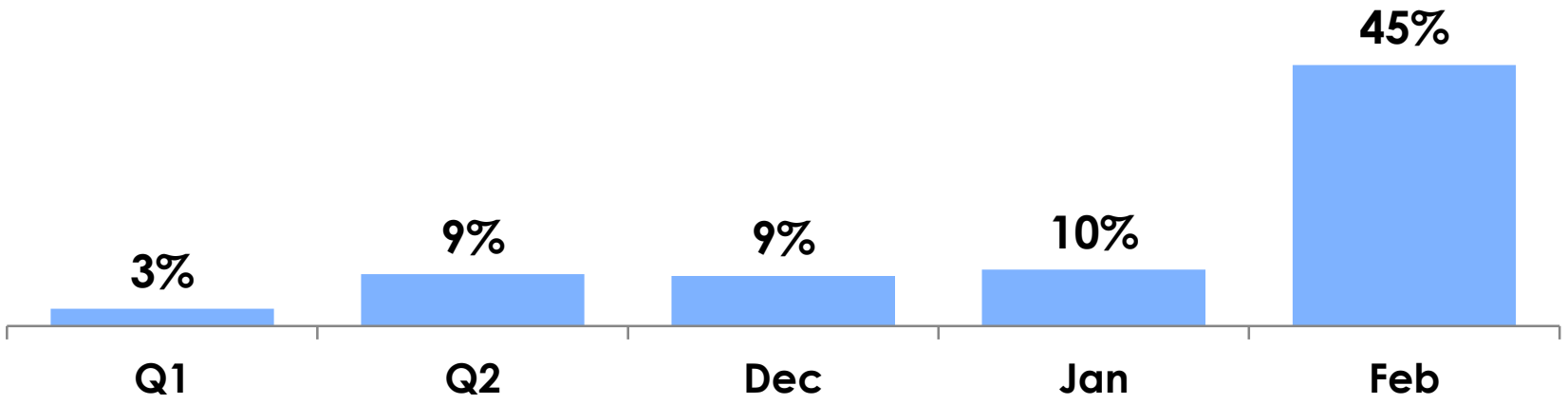
Source: Nielsen U.S. Food, F16 YTD Ended 2.27.16

Lärabar Posting Exceptional Growth Behind First TV Campaign

Lärabar

F16 Retail Sales

(% vs. LY)



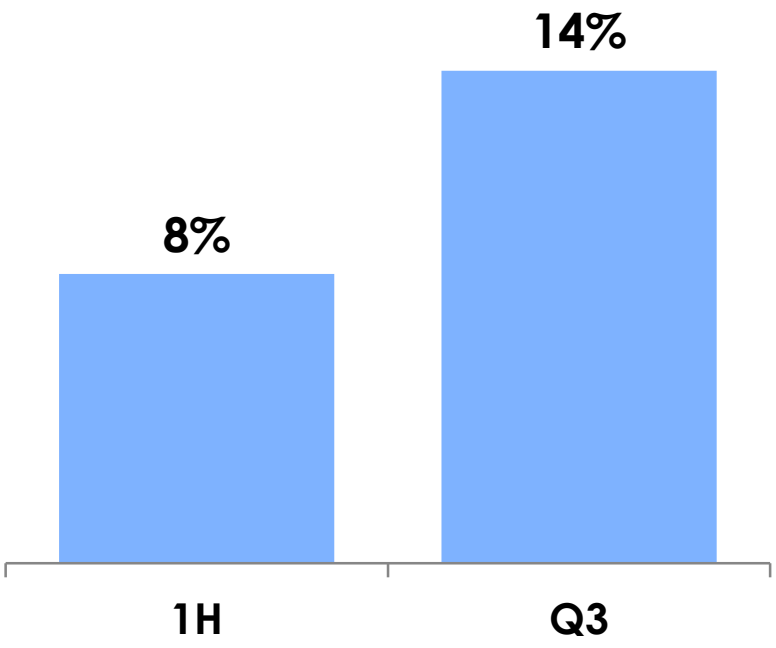




Source: Nielsen XAOC

Annie's Performance Accelerating

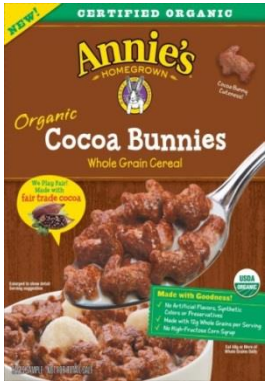
Annie's
F16 Retail Sales
(% vs. LY)



- Growing Distribution Double Digits
- Launching New Platforms



Soup



Cereal



Yogurt

Source: Nielsen XAOC + Natural Supermarkets + Whole Foods; Three Months Ending 1.31.16

Soup and Baking Season Update

(Dollar Share Growth vs. LY)

Ready-to-serve Soup



F16 Oct-Feb
+2.0 Points

Refrigerated Dough



F16 Sep-Dec
+1.8 Points

Dessert Mixes



F16 Sep-Dec
+0.1 Points

Source: Nielsen XAOC

Fourth Quarter Fiscal 2016 Performance Drivers

- Renovation Continuing To Gain Traction
- Increased Media Investment
- Beginning to Lap Display Merchandising Reductions
- Yogurt Headwinds Remain, but Moderating
- Green Giant Sale and 53rd Week Comparison Will Impact Reported Results

U.S. Retail Summary

- Strong Year-to-date Profit and Margin Performance
- Continued Headwinds in Yogurt and Display Merchandising
- Consumer First Efforts Gaining Traction in Key Businesses



Third Quarter 2016 Operating Highlights

Ken Powell
Chairman and CEO

Convenience Stores & Foodservice Nine-month Fiscal 2016 Financial Summary

($ in Millions)

	$	% Change
Net Sales	$ 1,437	-2%
6 Focus Platforms		6%
Segment Operating Profit	273	8%



Convenience Stores & Foodservice
Nine-month Fiscal 2016 Highlights





Frozen Meals



Cereal





Yoplait ParfaitPro™

Yogurt

International Segment Nine-month Fiscal 2016 Financial Summary

($ in Millions)

	$	% Change	Constant-currency % Change*
Net Sales	$3,428	-12%	2%
Segment Operating Profit	324	-17%	-1%



Divestiture: -1 Point of Net Sales Growth YTD

*Non-GAAP measures. See appendix for reconciliation.

Canada Highlights

F16 Nine-month Constant-currency Net Sales Growth: -2%*

Snacks





F16 YTD Retail Sales: +11%

Old El Paso





F16 YTD Retail Sales: +2%

*Non-GAAP measure. See appendix for reconciliation.
Source: Nielsen FYTD through 1.23.16.

Europe Highlights

F16 Nine-month Constant-currency Net Sales Growth: +1%*

Häagen-Dazs



F16 YTD Retail Sales: +13%

Old El Paso



F16 YTD Retail Sales: +1%

Yogurt



F16 YTD Retail Sales: -2%

*Non-GAAP measure. See appendix for reconciliation.
Source: Nielsen FYTD through January 2016.

Latin America Highlights

F16 Nine-month Constant-currency Net Sales Growth: +11%*





Brazil

- Q3 Net Sales: +HSD**
- Posting Sequential Sales Improvement
- Carolina Integration Underway

Mexico

- Q3 Net Sales: +DD**





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

Asia/Pacific Highlights

Asia/Pacific F16 Nine-month Constant-currency Net Sales Growth: +3%*

Wanchai Ferry in China



Q3 Net Sales: +LSD **

Yoplait in China



Q3 Market Share = 10%

*Non-GAAP measure. See appendix for reconciliation.
**Actual net sales in local currency translated to USD at a fixed exchange rate
Source: Nielsen through February 2016

Asia/Pacific Highlights - AMEA

Häagen-Dazs Ice Cream



F16 Nine-month Net Sales: +9%*

Betty Crocker Snacks



F16 Nine-month Net Sales: +15%*

India



F16 Nine-month Net Sales: +20%*

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

Third Quarter Fiscal 2016 Summary

- Third Quarter Results in Line with Expectations
- Foreign Exchange and Green Giant Divestiture Impacting Reported Results
- 5th Consecutive Quarter of Adjusted Operating Profit Margin* Expansion
- Reaffirming Fiscal 2016 Growth Targets

*Non-GAAP measure.



General Mills

Fiscal 2016
Third Quarter Results

Reconciliation of Third Quarter Constant-currency Net Sales Growth

(Fiscal Year)

	Q3 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	-9%	-7 pts	-2%
Canada	-26	-12	-14
Asia/Pacific	-1	-5	4
Latin America	-22	-38	16
Total International	-13%	-13 pts	Flat
Total Net Sales	-8%	-4 pts	-4%

Reconciliation of Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q3		Nine-Month	
	2016	**2015**	**2016**	**2015**
U.S. Retail	$518	$521	$1,749	$1,594
International	70	108	324	389
Convenience Stores & Foodservice	91	69	273	253
Total Segment Operating Profit	$679	$698	$2,345	$2,235
Unallocated Corporate Items	78	112	232	304
Gain on Divestiture	(2)	--	(201)	--
Restructuring, Impairment, and Other Exit Costs	17	49	138	278
Operating Profit	$586	$537	$2,175	$1,654

Table does not foot due to rounding.

Reconciliation of Constant-currency Total Segment Operating Profit Growth

(Fiscal Year)

	2016		
	% Change in Total Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	% Change in Total Segment Operating Profit on a Constant-currency Basis
Q3	-3%	-2 pts	-1%
Nine Months	5%	-3 pts	8%

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

(Fiscal Years)

	Q3		
	2016	**2015**	**Change**
Diluted EPS	$0.59	$0.56	5%
Mark-to-market Effects	--	0.05	
Restructuring	0.05	0.07	
Project-related costs	0.01	--	
Venezuela Currency Devaluation	--	0.01	
Integration Costs	--	0.01	
Adjusted Diluted EPS	$0.65	$0.70	-7%
Impact of Foreign Currency Exchange			-1 pt
Adjusted Diluted EPS on a Constant-currency Basis			-6%

Reconciliation of Nine-month Constant-currency Net Sales Growth

(Fiscal Year)

	Nine Months 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Europe	-11%	-12pts	1%
Canada	-17	-15	-2
Asia/Pacific	-1	-4	3
Latin America	-23	-34	11
Total International	-12%	-14 pts	2%
Total Net Sales	-5%	-4 pts	-1%

Reconciliation of Adjusted Gross Margin

(Fiscal Years, $ in Millions)

	Q3 2016		Q3 2015	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$4,002		$4,351	
Gross Margin as Reported	$1,358	33.9%	$1,376	31.6%
Mark-to-market Effects	7		44	
Restructuring	17		22	
Project-related costs	10		3	
Venezuela Currency Devaluation	--		3	
Adjusted Gross Margin	$1,392	34.8%	$1,447	33.2%

Table does not foot due to rounding.

Reconciliation of Constant-currency International Segment Operating Profit Growth

(Fiscal Year)

	2016		
	% Change in International Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	% Change in International Segment Operating Profit on a Constant-currency Basis
Q3	-35%	-11 pts	-24%
Nine Months	-17%	-16 pts	-1%

Reconciliation of Third Quarter Constant-currency After-tax JV Earnings

(Fiscal Year)

Q3 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
24%	5 pts	19%

Reconciliation of Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Q3 2016		Q3 2015	
	Pre-tax Earnings*	**Income Taxes**	**Pre-tax Earnings***	**Income Taxes**
As Reported	$509	$158	$457	$116
Mark-to-market effects	7	3	44	16
Restructuring	34	8	71	26
Project-related costs	10	4	3	1
Venezuela Currency Devaluation	--	--	7	--
Divestiture (gain)	(2)		--	--
Acquisition Integration Costs	--	--	4	2
As Adjusted	$559	$172	$586	$161
Effective Tax Rate:				
As Reported		31.0%		25.5%
As Adjusted		30.8%		27.5%

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

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

(Fiscal Years)

	Nine-month		
	2016	**2015**	**Change**
Diluted EPS	$2.15	$1.67	29%
Mark-to-market Effects	(0.01)	0.10	
Restructuring	0.22	0.32	
Project-related costs	0.04	--	
Divestiture (gain)	(0.14)	--	
Venezuela Currency Devaluation	--	0.01	
Integration Costs	--	0.01	
Adjusted Diluted EPS	$2.26	$2.11	7%
Impact of Foreign Currency Exchange			-3 pt
Adjusted Diluted EPS on a Constant-currency Basis			10%

Reconciliation of Nine-month Free Cash Flow

	Nine Months 2016	Nine Months 2015
Net Cash Provided by Operating Activities, As Reported	$1,862	$1,561
Purchases of Land, Building and Equipment	(478)	(491)
Free Cash Flow	$1,384	$1,071

Table does not foot due to rounding.