

General Mills

Fiscal 2016 Review & 2017 Outlook

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.

The non-GAAP forward-looking financial measures included in this presentation are not reconcilable to the equivalent GAAP measure because we cannot accurately predict the excluded variables that may impact these measures.



Fiscal 2016 Financial Review

Don Mulligan

Executive Vice President; Chief Financial Officer

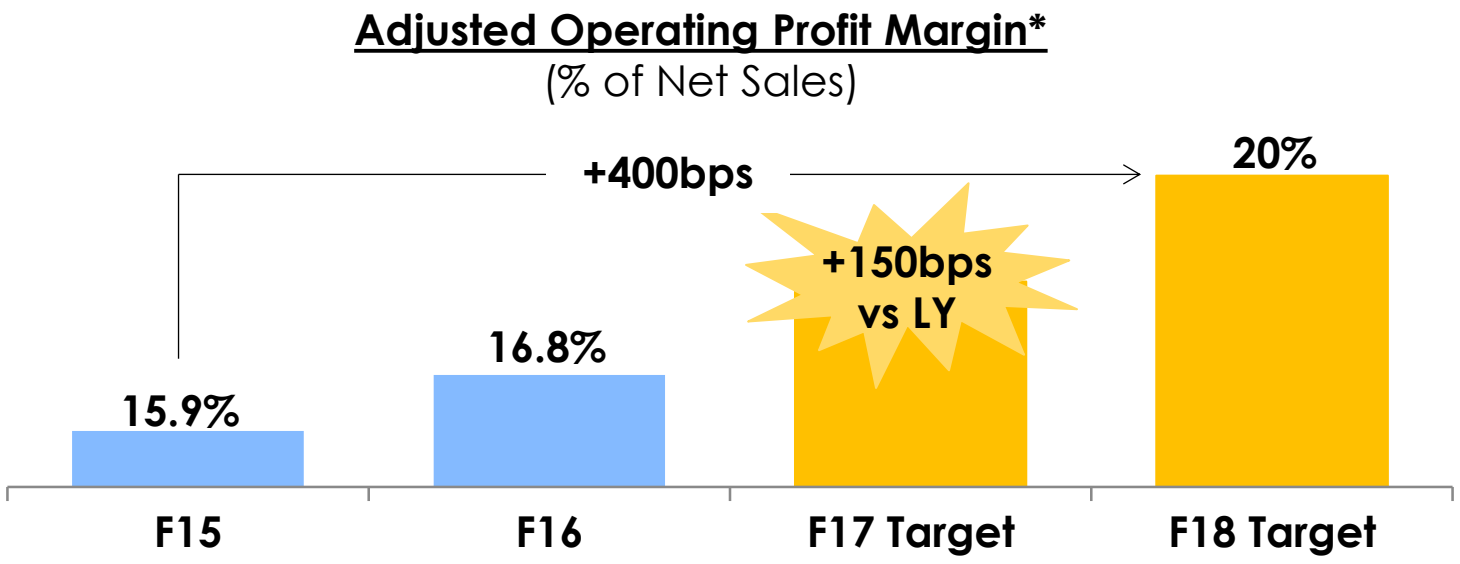
Fiscal 2016 Summary

- Consumer-first Initiatives Gained Traction on Many Important Businesses
- Margin Expansion and Adjusted Diluted EPS* Exceeded Expectations
- Continued to Reshape the Portfolio
  - North American Green Giant Divestiture
  - Annie's Expansion in U.S., Yoplait Launch in China
  - EPIC Provisions and Carolina Acquisitions
- U.S. Yogurt, Merchandising, and External Environment in China Were Headwinds

*Non-GAAP measure.

Increased Profit Margin Target

- Cost Savings from Previously Announced Projects Increased to $600MM by Fiscal 2018
- Will Implement Additional Efforts to Optimize Spending, Reduce Complexity, and Prioritize Profitable Volume



*Non-GAAP measure. See appendix for reconciliation.

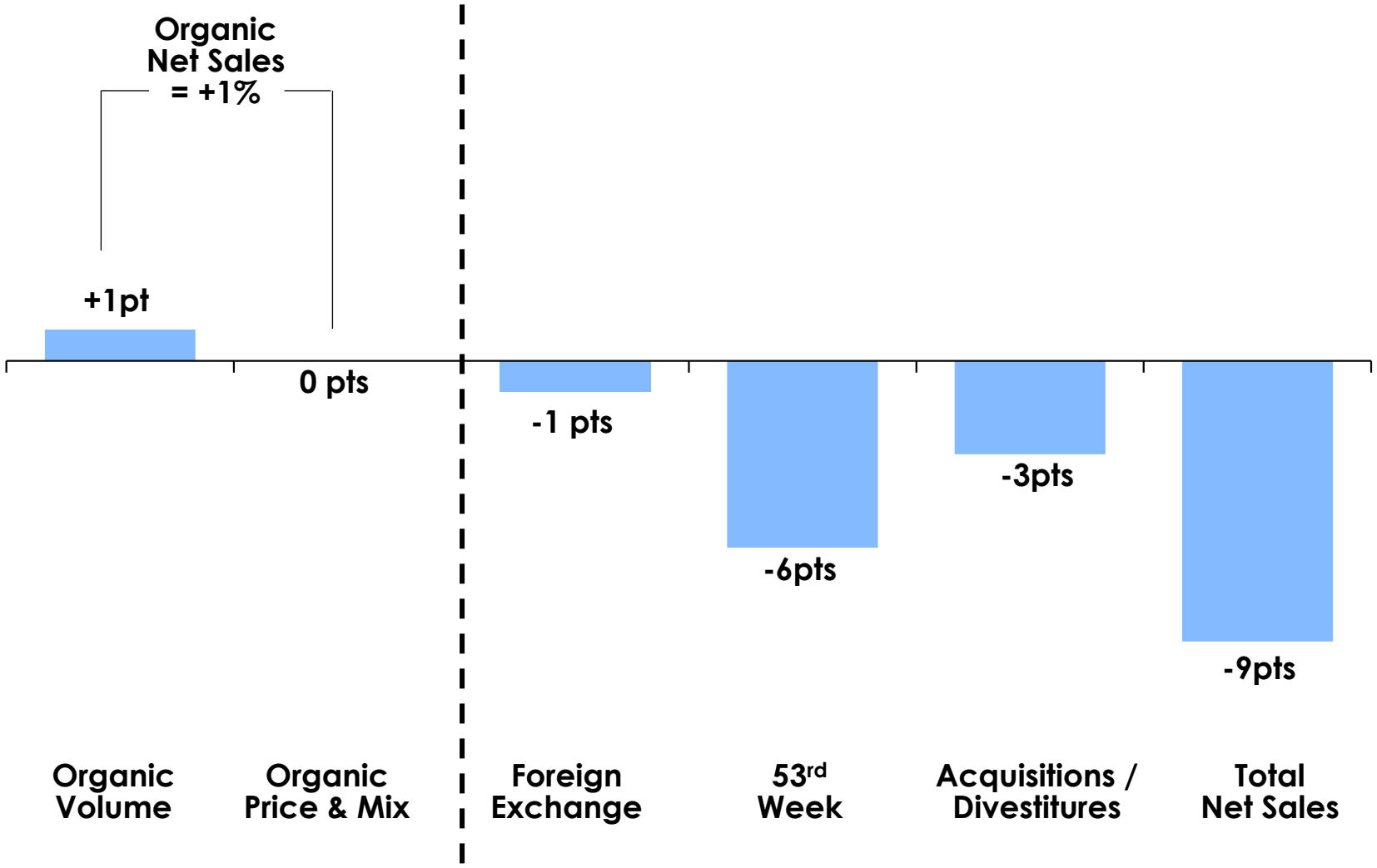
Fourth Quarter Fiscal 2016 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$3,928	-9%	-8%
Segment Operating Profit*	654	-18	-18
Net Earnings Attributable to General Mills	380	+103	
Diluted EPS	$0.62	+107	
Certain Items Affecting Comparability	0.04		
Adjusted Diluted EPS*	$0.66	-12%	-11%

*Non-GAAP measures. See appendix for reconciliation.

Fourth Quarter Fiscal 2016
Components of Net Sales Growth



Full Year Fiscal 2016 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Constant-currency % Change*
Net Sales	$16,563	-6%	-2%
Segment Operating Profit*	3,000	-1	+1
Net Earnings Attributable to General Mills	1,697	+39	
Diluted EPS	$2.77	+41	
Certain Items Affecting Comparability	0.15		
Adjusted Diluted EPS*	$2.92	+2%	+5%

*Non-GAAP measures. See appendix for reconciliation.

Fiscal 2016
U.S. Retail Segment

Net Sales: $10.0B, -5% vs. LY
Operating Profit: $2.2B, +1% vs. LY

Net Sales by Operating Unit

	$MM	% Change
Cereal	$2,313	-1%
Snacks	2,094	-2
Baking Products	1,903	-3
Yogurt	1,303	-7
Meals	2,394	-10



Acquisitions / Divestiture: -2 Points of Net Sales Growth
53rd Week: -1 Point of Net Sales Growth

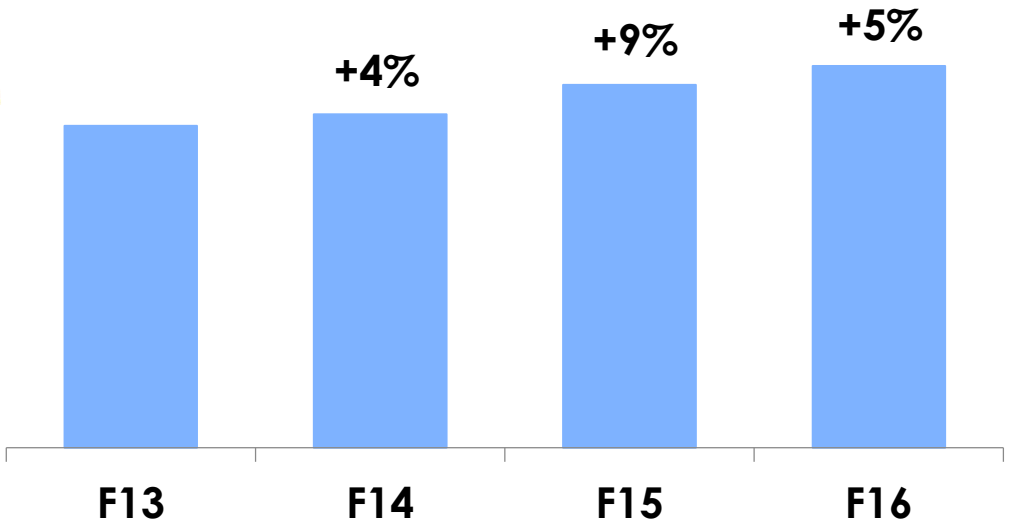
Fiscal 2016
Convenience Stores & Foodservice Segment

Net Sales: $1.9B, -4% vs. LY
Operating Profit: $379MM, +7% vs. LY



6 Focus Platforms Net Sales

($ in Millions, % vs LY)



53rd Week: -2 Points of Net Sales Growth

Fiscal 2016 International Segment

Net Sales: $4.6B, Constant-currency Growth +3%*
Operating Profit: $442MM, Constant-currency Growth -3%*

Net Sales by Region

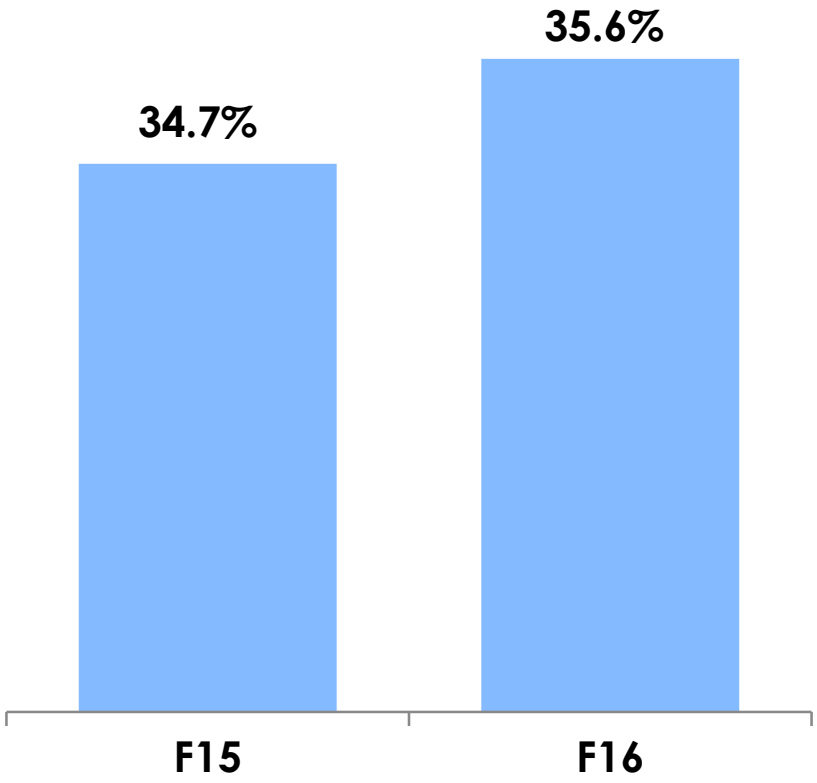
	$MM	Constant-currency % Change*
Latin America	$709	+12%
Europe	1,998	+3
Asia / Pacific	996	+1
Canada	930	-4



Acquisition / Divestitures: -1 Point of Net Sales Growth As Reported
53rd Week: -1 Point of Net Sales Growth As Reported

*Non-GAAP measure. See appendix for reconciliation.

Fiscal 2016 Adjusted Gross Margin Results*



- Cost Savings and Modest Input Cost Inflation Drove Annual Adjusted Gross Margin Expansion
- Annual Input Cost Inflation was 2%

*Non-GAAP measure. See appendix for reconciliation.

Fiscal 2016
Joint Venture Results

After-tax Earnings: $88MM; +12% vs. LY in Constant Currency*





Cereal Partners Worldwide
Net Sales Flat**





Häagen-Dazs Japan
Net Sales +5%**

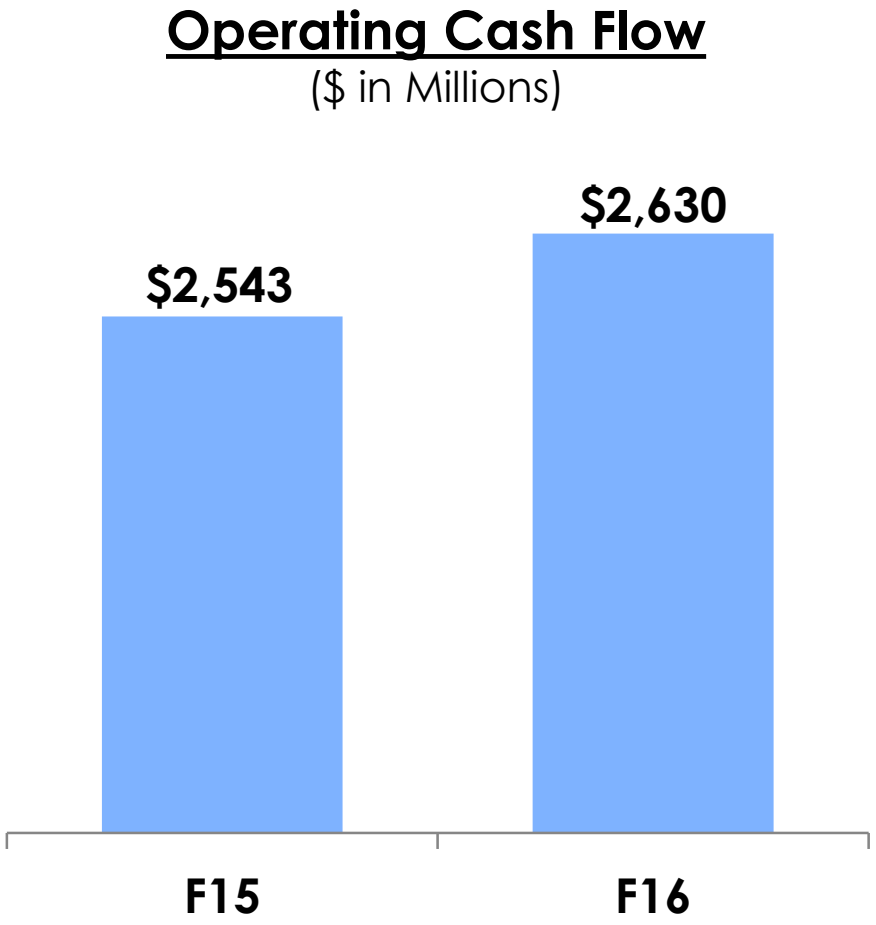
*Non-GAAP measure. See appendix for reconciliation.
**Growth rates in constant currency.

Core Working Capital

($ in Millions)

	Q4		
	F16	**F15**	**% Change**
Accounts Receivable	$1,361	$1,387	
Inventories	1,414	1,541	
Accounts Payable	2,046	1,684	
Total Core Working Capital	**$729**	**$1,244**	**-41%**

Fiscal 2016 Cash Flow Highlights



- $729MM in Capital Investments
- Free Cash Flow* of $1.9B
- Free Cash Flow Conversion* of 104%
- Dividends Paid = $1.1B
- Net Share Repurchases = $435MM

*Non-GAAP measure. See appendix for reconciliation.

Fiscal 2017 Plan Assumptions

- Organic Net Sales +LSD on "Growth" Businesses; Expect -MSD Declines on Other Businesses
- Green Giant Divestiture Impact: -1 Point on Net Sales Growth and -$0.03 on EPS
- COGS HMM = $380MM, More than Offsetting 2% Input Cost Inflation
- Savings From Previously Announced Projects

	$MM
F16 Annual	$350
F17 Incremental	$150
F17 Annual	**$500**

Fiscal 2017 Guidance Summary

($ in Millions, Except per Share)

	Fiscal 2016 Results	**Fiscal 2017 Growth**
Net Sales	$16,563	-2% to Flat[1]
Adjusted Gross Margin*	35.6%	+150bps
Media Expense	$754	-HSD
Total Segment Operating Profit*	$3,000	+6 to 8%[2]
Adjusted Operating Profit Margin*	16.8%	+150bps
Interest Expense	$304	Flat
Tax Rate Excluding Items*	29.8%	+100bps
Avg. Diluted Shares Outstanding	612	Down 1 to 2%
Adjusted Diluted EPS*	$2.92	+6 to 8%[2]

*Non-GAAP measure. See appendix for reconciliation.
[1]Organic growth rate.
[2]Constant-currency growth rate



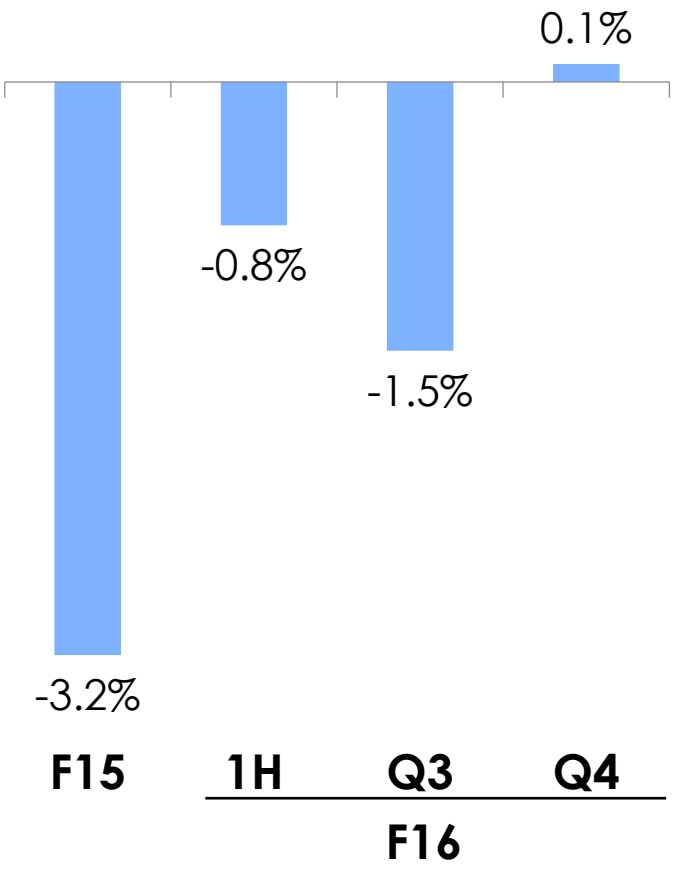
Fiscal 2016 Review & 2017 Outlook

Ken Powell
Chairman and CEO

Positive U.S. Cereal Trends in Fiscal 2016

Cereal Category Retail Sales

(% vs. LY)



General Mills Cereal Retail Sales

(% vs. LY)



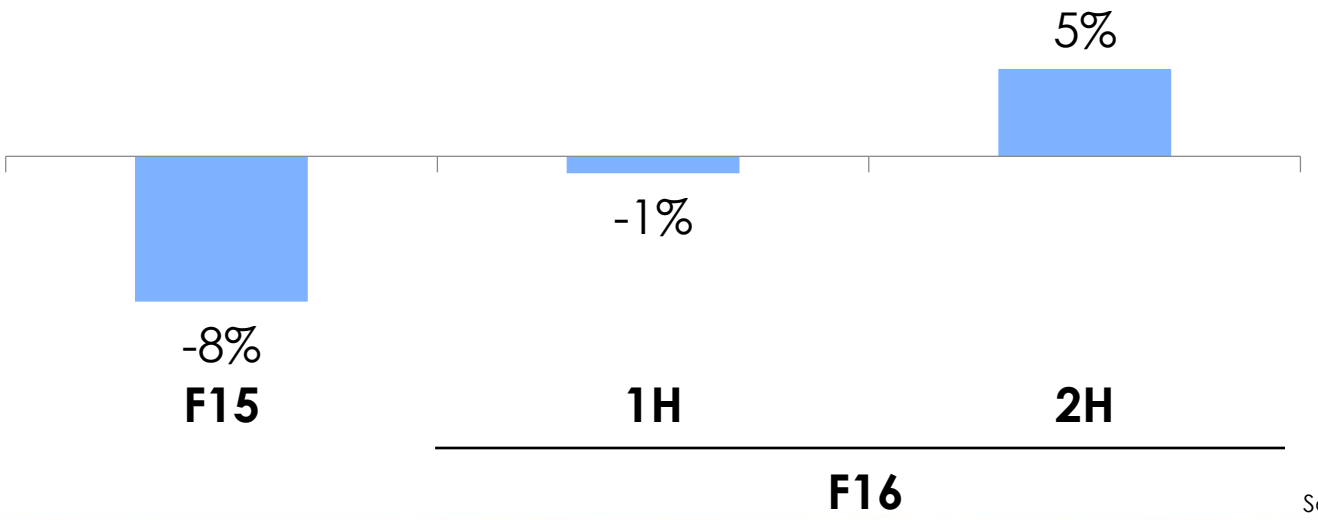
Source: Nielsen XAOC

Momentum Building for Gluten Free Cheerios



Gluten Free Cheerios Varieties Retail Sales

(% vs. LY)



Source: Nielsen XAOC

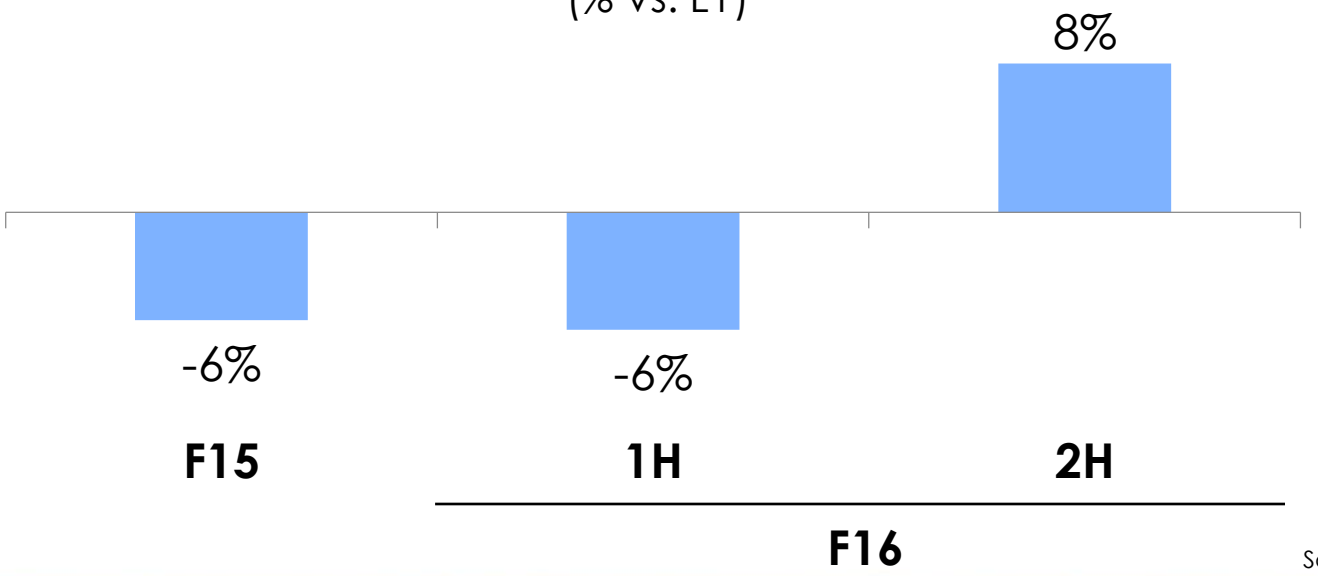
No Artificial Flavors and Colors News is Working

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



Seven Featured Varieties Retail Sales

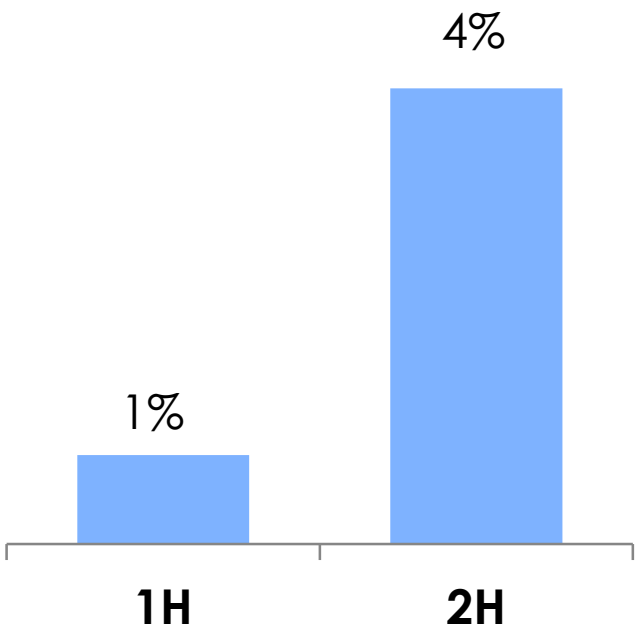
(% vs. LY)



Source: Nielsen XAOC

Nature Valley Bars Exited Fiscal 2016 with Momentum

Nature Valley Bars
F16 Retail Sales
(% vs. LY)







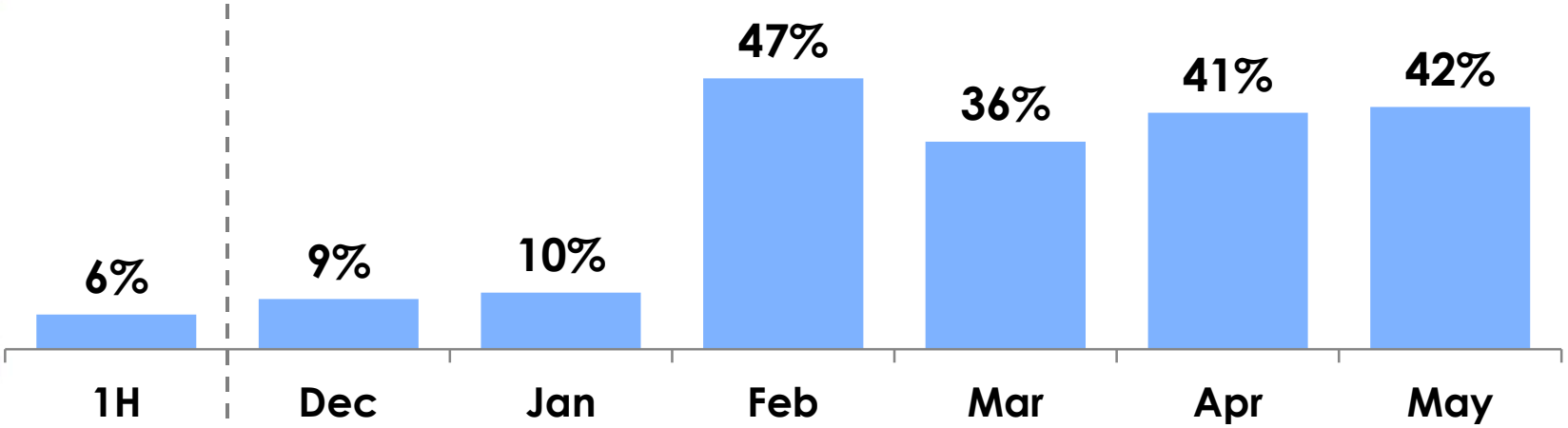
Source: Nielsen XAOC

Lärabar Messaging is Resonating with Consumers

Lärabar

F16 Retail Sales

(% vs. LY)







Source: Nielsen XAOC

Continued Strong Growth for Our Natural & Organic Portfolio

F16 Proforma Net Sales = $750MM*















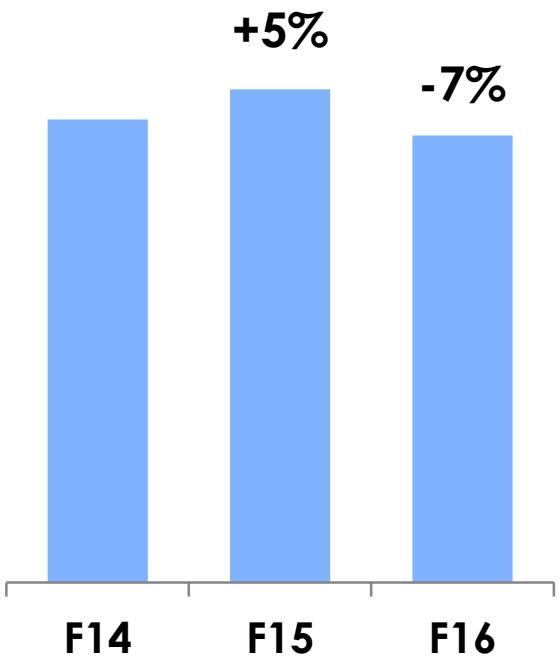




*F16 proforma includes 12 months of Epic Provisions.
Includes Net Sales in U.S. Retail and CS&F segments.

Fiscal 2016 U.S. Yogurt Summary

U.S. Yogurt Net Sales
($ in Millions)



- Declines in Net Sales and Share
  - Merchandising was not Competitive
  - Innovation and Marketing did not Break Through
- Increased Profitability
- Focused on Innovation and Renovation to Drive Long-term Growth

Good Performance in Fiscal 2016 Soup and Baking Seasons

(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

Focus 6 Platforms Driving Growth for Convenience Stores & Foodservice

F16 Net Sales on Focus 6 Platforms = +5% vs. LY



Frozen Meals



Cereal





Yoplait ParfaitPro™

Yogurt

Fiscal 2016
Developed Markets Highlights

Canada



Old El Paso

F16 YTD Retail Sales: +2%



Wholesome Snacks

F16 YTD Retail Sales: +9%

Europe



Häagen-Dazs

F16 YTD Retail Sales: +10%



Old El Paso

F16 YTD Retail Sales: +3%

Source: Nielsen FYTD through April 2016.

Fiscal 2016
Emerging Markets Highlights

Latin America

F16 Net Sales: +12%
in constant currency









Asia/Pacific



Yoplait in China

Q4 Shanghai Market Share: 10%





India

F16 Net Sales: +DD*
in constant currency

Source: Nielsen 12-weeks ending April 2016.
*Actual Net Sales in Local Currency Translated to USD at a Fixed Exchange Rate.

Fiscal 2016 CPW Highlights



- Investing in Renovation and Innovation
- Exited F16 with Solid Momentum: Net Sales +3%* in Q4
- Strong DD Increase* in F16 After-tax Earnings

* Growth rate in constant currency.

Fiscal 2017 Priorities

- Drive Net Sales Momentum on "Growth" Businesses (75% of Net Sales)
- Focus on Profitable Volume on "Foundation" Businesses
- Drive Margin Expansion Across the Enterprise

Portfolio Segmentation

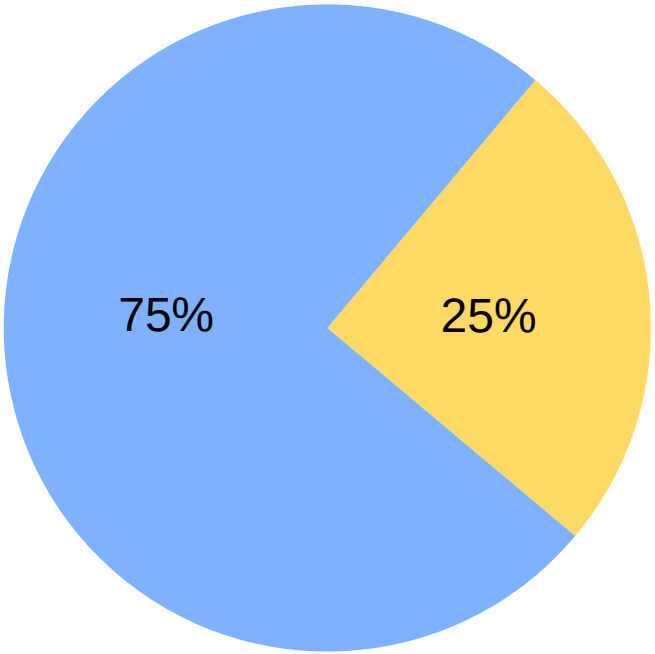
F16 Net Sales = $16.6 Billion

"Growth"
F17 Organic Growth = +LSD

U.S. Retail
Cereal
Snack Bars
Natural & Organic
Totino's
Old El Paso
Yogurt

Convenience Stores & Foodservice
Focus 6 Platforms

International Markets



"Foundation"
F17 Organic Growth = -MSD

U.S. Retail
Progresso Soup
Pillsbury Ref. Dough
Betty Crocker Desserts
Others

Convenience Stores & Foodservice
Non-Focus 6 Platforms

F17 "Growth" Highlights: U.S. Cereal & Bars

Cereal

Cheerios
SIMPLY MADE
Gluten Free
GROWN. MILLED. TOASTED.

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





Snack Bars



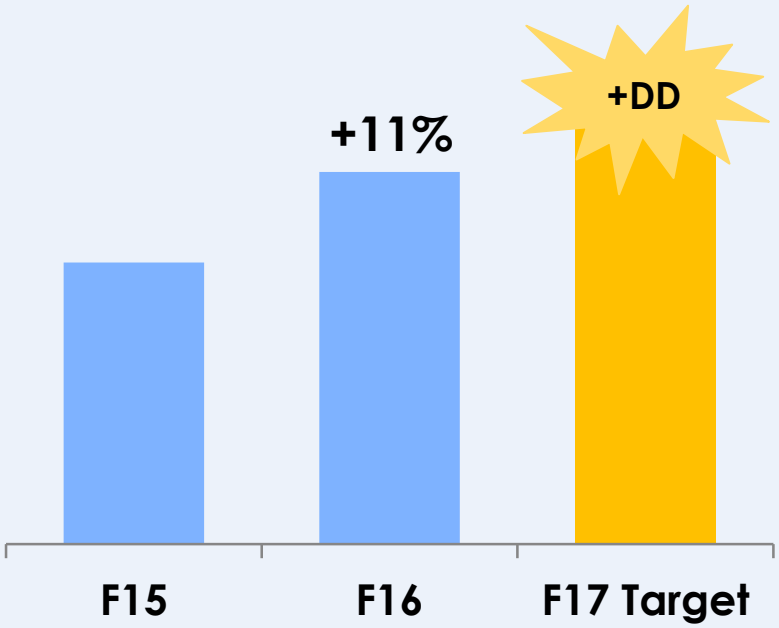




F17 "Growth" Highlights: Natural & Organic

Annie's

Annie's Core Distribution
(Points of Distribution, % vs. LY)



Category Expansion



Source: Nielsen Grocery + Supercenter

U.S. Yogurt: Establish a Solid Base for Long-term Growth

Renovation & Innovation





Consumer Messaging



Refocus on All-family Snacking

Increase Merchandising Competitiveness

- Secure Display
- Fund Competitive Price Points

F17 "Foundation" Highlights: Focus on Profitable Volume

- Reduce Low-ROI Trade and Consumer Investment
- SKU Optimization
- Expect Sales Declines, Increased Profitability
- Targeted Investment in News:

PROGRESSO™



Antibiotic Free Chicken

Pillsbury Project POP The Rise of Dough



Improved Shelf Set

Betty Crocker®

More Premium Ingredients



More Brownies



More Variety



F17 "Growth" Highlights: CS&F Focus 6 Platforms

Frozen Meals



Yogurt



Snacks



Biscuits



Cereal



Mixes



F17 "Growth" Highlights: Developed Markets

Canada



Cheerios

SIMPLY MADE
Gluten Free
GROWN. MILLED. TOASTED.

Annie's

Europe









F17 "Growth" Highlights: Emerging Markets

Brazil





Execute Pricing

China



Enter Beijing



Häagen-Dazs Mooncakes

India & Mexico



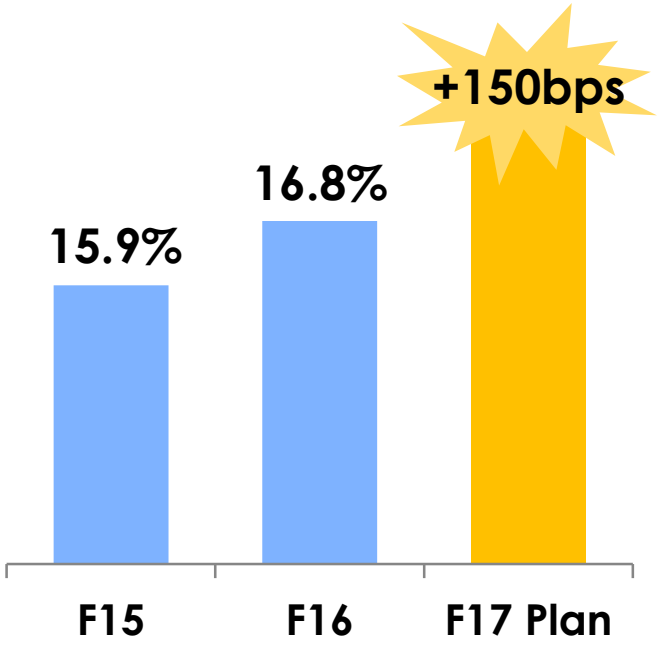
India

NATURE VALLEY

Mexico

Driving Margin Expansion in F17

Adjusted Operating Profit Margin*
(% of Net Sales)



- Continued Savings from HMM; Higher Savings from Previously Announced Projects
- Optimizing Trade and Consumer Investments With Portfolio Roles
- Complexity Reduction/SKU Optimization
- Additional Supply Chain and ZBB Savings

*Non-GAAP measure. See appendix for reconciliation.

Fiscal 2017 and 2018 Outlook

	Organic Net Sales*	**Adjusted Operating Profit***	**Adjusted Diluted EPS*** (Constant Currency)
Fiscal 2017	-2% to Flat	+150bps	+6-8%
Fiscal 2018	Modest Growth	20% Margin	+LDD

*Non-GAAP measures

Today's Summary

- Returned to Organic Sales and Operating Profit Growth in Fiscal 2016
- Taking Actions to Drive Focused Growth and Margin Expansion
- Setting the Stage for Sustainable, Long-term Shareholder Value Creation

Reconciliation of Fiscal 2016 Adjusted Operating Profit Margin

(% of Net Sales)

	Full Year	
	2016	**2015**
Operating Profit Margin as Reported	16.3%	11.8%
Mark-to-market Effects	-0.4	0.5
Divestitures (gain)	-0.9	--
Acquisition Integration Costs	--	0.1
Restructuring Costs	1.4	1.9
Project-related Costs	0.4	0.1
Intangible Asset Impairment	--	1.5
Adjusted Operating Profit Margin	16.8%	15.9%

Reconciliation of Fourth Quarter Constant-currency Net Sales Growth

(Fiscal Year)

	Q4 2016		
	% Change in Net Sales as Reported	Impact of Foreign Currency Exchange	% Change in Net Sales on a Constant-currency Basis
Total Net Sales	-9%	-1 pt	-8%

Certain measures in this release are presented excluding the impact of foreign currency exchange (constant-currency). To present this information, current period results for entities reporting in currencies other than United States dollars are translated into United States dollars at the average exchange rates in effect during the corresponding period of the prior fiscal year, rather than the actual average exchange rates in effect during the current fiscal year. Therefore, the foreign currency impact is equal to current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Reconciliation of Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q4		Full Year	
	2016	**2015**	**2016**	**2015**
U.S. Retail	$430	$565	$2,179	$2,159
International	118	134	442	523
Convenience Stores & Foodservice	106	101	379	353
Total Segment Operating Profit	$654	$800	$3,000	$3,035
Unallocated Corporate Items	57	110	289	414
(Gain) Loss on Divestitures, Net	52	--	(148)	--
Restructuring, Impairment, and Other Exit Costs	13	266	151	544
Operating Profit	$532	$424	$2,707	$2,077

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
Q4	-18%	--	-18%
Fiscal Year	-1%	-2 pts	+1%

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

(Fiscal Years)

	Q4		
	2016	**2015**	**Change**
Diluted EPS	$0.62	$0.30	+107%
Mark-to-market Effects	(0.06)	(0.01)	
Divestitures (loss)	0.04	--	
Restructuring Costs	0.04	0.03	
Project-related Costs	0.02	0.01	
Tax Item	--	0.13	
Intangible Asset Impairment	--	0.28	
Acquisition Integration Costs	--	0.01	
Adjusted Diluted EPS	$0.66	$0.75	-12%
Impact of Foreign Currency Exchange			-1 pt
Adjusted Diluted EPS on a Constant-currency Basis			-11%

Reconciliation of Fourth Quarter Adjusted Gross Margin

(Fiscal Years, $ in Millions)

	Q4 2016		Q4 2015	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$3,928		$4,299	
Gross Margin as Reported	$1,377	35.1%	$1,515	35.3%
Mark-to-market Effects	(60)		(8)	
Restructuring Costs	18		19	
Project-related Costs	18		10	
Adjusted Gross Margin	$1,353	34.4%	$1,536	35.7%

Reconciliation of Fourth Quarter Fiscal 2016 Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Q4 2016		Q4 2015	
	Pre-tax Earnings*	**Income Taxes**	**Pre-tax Earnings***	**Income Taxes**
As Reported	$455	$88	$344	$164
Mark-to-market Effects	(60)	(22)	(8)	(3)
Divestitures (loss)	52	29	--	--
Restructuring Costs	31	7	25	9
Project-related Costs	18	6	10	4
Tax Item	--	--	--	(79)
Intangible Asset Impairment	--	--	260	83
Acquisition Integration Costs	--	--	8	3
Venezuela Currency Devaluation	--	--	1	--
As Adjusted	$496	$107	$640	$182
Effective Tax Rate:				
As Reported		19.2%		47.8%
As Adjusted		21.6%		28.4%
Sum of Adjustments to Income Taxes		20		17
Average Number of Common Shares – Diluted EPS		611		615
Impact of Income Tax Adjustments on Diluted EPS Excluding Certain Items Affecting Comparability		$(0.03)		$(0.03)

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

Reconciliation of Full Year Constant-currency Net Sales Growth

(Fiscal Year)

	Full Year 2016		
	% Change in Net Sales as Reported	**Impact of Foreign Currency Exchange**	**% Change in Net Sales on a Constant-currency Basis**
Europe	-6%	-9 pts	+3%
Canada	-16	-12	-4
Asia/Pacific	-3	-4	+1
Latin America	-19	-31	+12
Total International	-10%	-13 pts	+3
Total Net Sales	-6%	-4 pts	-2%

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

(Fiscal Years)

	Full Year		
	2016	**2015**	**Change**
Diluted EPS	$2.77	$1.97	+41%
Mark-to-market Effects	(0.07)	0.09	
Divestitures (gain)	(0.10)	--	
Restructuring Costs	0.26	0.35	
Project-related Costs	0.06	0.01	
Tax Item	--	0.13	
Intangible Asset Impairment	--	0.28	
Acquisition Integration Costs	--	0.02	
Venezuela Currency Devaluation	--	0.01	
Adjusted Diluted EPS	$2.92	$2.86	+2%
Impact of Foreign Currency Exchange			-3 pts
Adjusted Diluted EPS on a Constant-currency Basis			+5%

Reconciliation of Constant-currency International Segment Operating Profit Growth

(Fiscal Year)

Full 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
-15%	-12 pts	-3%

Reconciliation of Full Year Adjusted Gross Margin

(Fiscal Years, $ in Millions)

	2016		2015	
	$	% of Net Sales	$	% of Net Sales
Net Sales	$16,563		$17,630	
Gross Margin as Reported	$5,830	35.2%	$5,949	33.7%
Mark-to-market Effects	(63)		90	
Restructuring Costs	78		60	
Project-related Costs	58		13	
Venezuela Currency Devaluation	--		3	
Adjusted Gross Margin	$5,903	35.6%	$6,115	34.7%

Reconciliation of Fiscal 2016 Constant-currency After-tax JV Earnings

(Fiscal Year)

Full Year 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
5%	-7 pts	12%

Reconciliation of Fiscal 2016 Free Cash Flow Conversion

(Fiscal Years, $ in Millions)

	2016
Net Earnings, Including Earnings Attributable to Redeemable and Noncontrolling Interests	$1,737
Mark-to-market, Net of Tax	(40)
Divestiture (Gain), Net of Tax	(66)
Restructuring Costs, Net of Tax	161
Project-related Costs, Net of Tax	37
Adjusted Earnings, Including Earnings Attributable to Redeemable and Noncontrolling Interests	$1,829
Net Cash Provided by Operating Activities, As Reported	$2,630
Purchases of Land, Buildings, and Equipment	(729)
Free Cash Flow	$1,901
Free Cash Flow Conversion	104%

Reconciliation of Fiscal 2016 Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	2016		2015	
	Pre-tax Earnings*	**Income Taxes**	**Pre-tax Earnings***	**Income Taxes**
As Reported	$2,404	$755	$1,762	$587
Mark-to-market effects	(63)	(23)	90	33
Divestitures (gain)	(148)	(82)	--	--
Restructuring Costs	230	69	344	126
Project-related Costs	58	21	13	5
Tax Item	--	--	--	(79)
Intangible Asset Impairment	--	--	260	83
Acquisition Integration Costs	--	--	16	6
Venezuela Currency Devaluation	--	--	8	--
As Adjusted	$2,480	$740	$2,492	$761
Effective Tax Rate:				
As Reported		31.4%		33.3%
As Adjusted		29.8%		30.5%
Sum of Adjustments to Income Taxes		(16)		174
Average Number of Common Shares – Diluted EPS		612		619
Impact of Income Tax Adjustments on Diluted EPS Excluding Certain Items Affecting Comparability		$0.03		$(0.28)

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