GENERAL MILLS INC
Form 10-Q
December 17, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED November 29, 2015

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 001-01185

GENERAL MILLS, INC.

(Exact name of registrant as specified in its charter)

Delaware	41-0274440
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Number One General Mills Boulevard Minneapolis, Minnesota (Address of principal executive offices)	55426 (Zip Code)

(763) 764-7600

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Number of shares of Common Stock outstanding as of December 9, 2015: 593,345,187 (excluding 161,268,141 shares held in the treasury).

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General Mills, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Earnings

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions, Except per Share Data)

	Quarter Ended		Six-Month Period Ended	
	Nov. 29, 2015	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Net sales	**$ 4,424.9**	$ 4,712.2	**$ 8,632.8**	$ 8,980.6
Cost of sales	**2,884.3**	3,093.1	**5,537.6**	5,922.8
Selling, general, and administrative expenses	**772.7**	845.5	**1,583.9**	1,712.7
Divestiture (gain)	**(199.1)**		**(199.1)**	
Restructuring, impairment, and other exit costs	**61.3**	214.6	**121.4**	228.6
Operating profit	**905.7**	559.0	**1,589.0**	1,116.5
Interest, net	**73.8**	77.3	**149.1**	155.8
Earnings before income taxes and after-tax earnings from joint ventures	**831.9**	481.7	**1,439.9**	960.7
Income taxes	**311.5**	153.4	**510.1**	306.0
After-tax earnings from joint ventures	**23.2**	27.1	**48.9**	53.1
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**543.6**	355.4	**978.7**	707.8
Net earnings attributable to redeemable and noncontrolling interests	**14.1**	9.3	**22.6**	16.5
Net earnings attributable to General Mills	**$ 529.5**	$ 346.1	**$ 956.1**	$ 691.3
Earnings per share - basic	**$ 0.88**	$ 0.58	**$ 1.59**	$ 1.14
Earnings per share - diluted	**$ 0.87**	$ 0.56	**$ 1.56**	$ 1.11
Dividends per share	**$ 0.44**	$ 0.41	**$ 0.88**	$ 0.82

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Quarter Ended		Six-Month Period Ended	
	Nov. 29, 2015	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 543.6**	$ 355.4	**$ 978.7**	$ 707.8
Other comprehensive loss, net of tax:				
Foreign currency translation	**(70.3)**	(297.3)	**(212.5)**	(389.8)
Other fair value changes:				
Securities	**0.1**	0.2		0.3
Hedge derivatives	**0.1**	5.8	**10.4**	4.6
Reclassification to earnings:				
Hedge derivatives	**(0.3)**	1.8	**0.4**	5.3
Amortization of losses and prior service costs	**35.9**	29.5	**66.8**	53.0
Other comprehensive loss, net of tax	**(34.5)**	(260.0)	**(134.9)**	(326.6)
Total comprehensive income	**509.1**	95.4	**843.8**	381.2
Comprehensive loss attributable to redeemable and noncontrolling interests	**(33.6)**	(66.0)	**(16.0)**	(90.8)
Comprehensive income attributable to General Mills	**$ 542.7**	$ 161.4	**$ 859.8**	$ 472.0

See accompanying notes to consolidated financial statements.

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Consolidated Balance Sheets

GENERAL MILLS, INC. AND SUBSIDIARIES

(In Millions, Except Par Value)

	Nov. 29, 2015 (Unaudited)	May 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 649.8**	$ 334.2
Receivables	**1,461.3**	1,386.7
Inventories	**1,455.0**	1,540.9
Deferred income taxes	**98.6**	100.1
Prepaid expenses and other current assets	**382.9**	423.8
Total current assets	**4,047.6**	3,785.7
Land, buildings, and equipment	**3,588.4**	3,783.3
Goodwill	**8,602.1**	8,874.9
Other intangible assets	**4,471.0**	4,677.0
Other assets	**879.6**	811.2
Total assets	**$ 21,588.7**	$ 21,932.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 1,704.1**	$ 1,684.0
Current portion of long-term debt	**1,100.2**	1,000.4
Notes payable	**306.7**	615.8
Other current liabilities	**1,858.4**	1,589.9
Total current liabilities	**4,969.4**	4,890.1
Long-term debt	**7,416.6**	7,575.3
Deferred income taxes	**1,508.3**	1,550.3
Other liabilities	**1,711.8**	1,744.8
Total liabilities	**15,606.1**	15,760.5
Redeemable interest	**817.4**	778.9
Stockholders equity:		
Common stock, 754.6 shares issued, $0.10 par value	**75.5**	75.5
Additional paid-in capital	**1,155.4**	1,296.7
Retained earnings	**12,416.0**	11,990.8
Common stock in treasury, at cost, shares of 161.3 and 155.9	**(6,442.9)**	(6,055.6)
Accumulated other comprehensive loss	**(2,407.0)**	(2,310.7)

Total stockholders equity	**4,797.0**	4,996.7
Noncontrolling interests	**368.2**	396.0
Total equity	**5,165.2**	5,392.7
Total liabilities and equity	**$ 21,588.7**	$ 21,932.1

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Total Equity and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions, Except per Share Data)

	$.10 Par Value Common Stock (One Billion Shares Authorized)									
	Issued			Treasury						
	Shares	Par Amount	Additional Paid-In Capital	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity	Redeemable Interest
Balance as of May 25, 2014	754.6	$ 75.5	$ 1,231.8	(142.3)	$ (5,219.4)	$ 11,787.2	$ (1,340.3)	$ 470.6	$ 7,005.4	$ 984.1
Total comprehensive income (loss)						1,221.3	(970.4)	(70.0)	180.9	(122.9)
Cash dividends declared ($1.67 per share)						(1,017.7)			(1,017.7)	
Shares purchased				(22.3)	(1,161.9)				(1,161.9)	
Stock compensation plans (includes income tax benefits of $74.6)			(38.1)	8.7	325.7				287.6	
Unearned compensation related to restricted stock unit awards			(80.8)						(80.8)	
Earned compensation			111.1						111.1	
Decrease in redemption value of redeemable interest			83.2						83.2	(83.2)
Addition of noncontrolling interest								20.7	20.7	
Acquisition of interest in subsidiary			(10.5)					0.6	(9.9)	
Distributions to noncontrolling and redeemable interest holders								(25.9)	(25.9)	0.9
Balance as of May 31, 2015	754.6	75.5	1,296.7	(155.9)	(6,055.6)	11,990.8	(2,310.7)	396.0	5,392.7	778.9
Total comprehensive income (loss)						956.1	(96.3)	(5.7)	854.1	(10.3)
Cash dividends declared ($0.88 per share)						(530.9)			(530.9)	
Shares purchased			(11.7)	(9.5)	(537.3)				(549.0)	
Stock compensation plans (includes income tax benefits of $44.7)			(15.3)	4.1	150.0				134.7	
Unearned compensation related to restricted stock unit awards			(60.4)						(60.4)	
Earned compensation			50.0						50.0	
Increase in redemption value of redeemable interest			(103.9)						(103.9)	103.9
Distributions to noncontrolling and redeemable interest holders								(22.1)	(22.1)	(55.1)
Balance as of Nov. 29, 2015	**754.6**	**$ 75.5**	**$ 1,155.4**	**(161.3)**	**$ (6,442.9)**	**$ 12,416.0**	**$ (2,407.0)**	**$ 368.2**	**$ 5,165.2**	**$ 817.4**

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Six-Month Period Ended	
	Nov. 29, 2015	**Nov. 23, 2014**
Cash Flows - Operating Activities		
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 978.7**	$ 707.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**292.5**	290.4
After-tax earnings from joint ventures	**(48.9)**	(53.1)
Distributions of earnings from joint ventures	**28.6**	28.9
Stock-based compensation	**52.7**	64.9
Deferred income taxes	**(32.7)**	13.2
Tax benefit on exercised options	**(44.7)**	(26.8)
Pension and other postretirement benefit plan contributions	**(22.7)**	(24.4)
Pension and other postretirement benefit plan costs	**58.9**	46.0
Divestiture (gain)	**(199.1)**	
Restructuring, impairment, and other exit costs	**89.8**	236.6
Changes in current assets and liabilities, excluding the effects of acquisitions and divestiture	**57.0**	(414.4)
Other, net	**(54.1)**	(5.9)
Net cash provided by operating activities	**1,156.0**	863.2
Cash Flows - Investing Activities		
Purchases of land, buildings, and equipment	**(293.5)**	(317.6)
Acquisitions, net of cash acquired		(822.3)
Investments in affiliates, net	**11.7**	(32.3)
Proceeds from disposal of land, buildings, and equipment	**1.2**	1.1
Proceeds from divestiture	**822.7**	
Other, net	**(19.1)**	(0.1)
Net cash provided (used) by investing activities	**523.0**	(1,171.2)
Cash Flows - Financing Activities		
Change in notes payable	**(293.7)**	922.3
Issuance of long-term debt		1,274.5
Payment of long-term debt	**(0.3)**	(393.3)
Proceeds from common stock issued on exercised options	**64.5**	35.9
Tax benefit on exercised options	**44.7**	26.8
Purchases of common stock for treasury	**(549.0)**	(968.8)
Dividends paid	**(530.9)**	(503.2)
Distributions to noncontrolling and redeemable interest holders	**(77.2)**	(20.5)
Other, net	**0.1**	(4.0)
Net cash provided (used) by financing activities	**(1,341.8)**	369.7

Effect of exchange rate changes on cash and cash equivalents	**(21.6)**	(34.5)
Increase in cash and cash equivalents	**315.6**	27.2
Cash and cash equivalents - beginning of year	**334.2**	867.3
Cash and cash equivalents - end of period	**$ 649.8**	$ 894.5
Cash Flow from Changes in Current Assets and Liabilities, excluding the effects of acquisitions and divestiture:		
Receivables	**$ (109.9)**	$ (248.8)
Inventories	**(196.2)**	(309.6)
Prepaid expenses and other current assets	**18.6**	(6.6)
Accounts payable	**56.3**	139.7
Other current liabilities	**288.2**	10.9
Changes in current assets and liabilities	**$ 57.0**	$ (414.4)

See accompanying notes to consolidated financial statements.

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GENERAL MILLS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) Background

The accompanying Consolidated Financial Statements of General Mills, Inc. (we, us, our, General Mills, or the Company) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include certain information and disclosures required for comprehensive financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature, including the elimination of all intercompany transactions and any noncontrolling and redeemable interests share of those transactions. Operating results for the quarter and six-months ended November 29, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending May 29, 2016.

These statements should be read in conjunction with the Consolidated Financial Statements and footnotes included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015. The accounting policies used in preparing these Consolidated Financial Statements are the same as those described in Note 2 to the Consolidated Financial Statements in that Form 10-K.

(2) Acquisition and Divestiture

During the second quarter of fiscal 2016, we sold our North American Green Giant product lines for $822.7 million in cash, and we recorded a pre-tax gain of $199.1 million. We received net cash proceeds of $788.0 million after transaction related costs. After the divestiture we retained a brand intangible asset on our Consolidated Balance Sheets of $30.1 million related to our continued use of the *Green Giant* brand in certain markets outside of North America.

On October 21, 2014, we acquired Annie s, Inc. (Annie s), a publicly traded food company headquartered in Berkeley, California, for an aggregate purchase price of $821.2 million, which we funded by issuing debt. We consolidated Annie s into our Consolidated Balance Sheets and recorded goodwill of $589.8 million, an indefinite lived intangible asset for the *Annie s* brand of $244.5 million, and a finite lived customer relationship asset of $23.9 million. The pro forma effects of this acquisition were not material.

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(3) Restructuring Initiatives

We are currently pursuing several multi-year restructuring initiatives designed to increase our efficiency and focus our business behind our key growth strategies. Charges related to these activities were as follows:

	Quarter Ended Nov. 29, 2015						Quarter Ended Nov. 23, 2014					
In Millions	Severance	Asset Write-offs	Pension Related	Accelerated Depreciation	Other	Total	Severance	Asset Write-offs	Pension Related	Accelerated Depreciation	Other	Total
Project Compass	**$ 2.2**	**$**	**$ (0.2)**	**$**	**$ 0.1**	**$ 2.1**	$	$	$	$	$	$
Project Century	**25.8**	**10.1**	**19.1**	**21.2**	**4.8**	**81.0**	21.7	32.6	15.6	12.6	6.4	88.9
Project Catalyst							145.0					145.0
Combination of certain operational facilities							(0.1)					(0.1)
Charges associated with restructuring actions previously announced							(0.6)					(0.6)
Total	**$ 28.0**	**$ 10.1**	**$ 18.9**	**$ 21.2**	**$ 4.9**	**$ 83.1**	$ 166.0	$ 32.6	$ 15.6	$ 12.6	$ 6.4	$ 233.2

	Six-Month Period Ended Nov. 29, 2015						Six-Month Period Ended Nov. 23, 2014					
In Millions	Severance	Asset Write-offs	Pension Related	Accelerated Depreciation	Other	Total	Severance	Asset Write-offs	Pension Related	Accelerated Depreciation	Other	Total
Project Compass	**$ 47.1**	**$**	**$ (0.2)**	**$**	**$ 6.7**	**$ 53.6**	$	$	$	$	$	$
Project Century	**28.1**	**12.5**	**19.1**	**42.6**	**8.9**	**111.2**	21.7	32.6	15.6	12.6	6.4	88.9
Project Catalyst	**0.2**					**0.2**	145.0					145.0
Combination of certain operational facilities							13.0	0.7			0.2	13.9
Charges associated with restructuring actions previously announced							(0.6)					(0.6)
Total	**$ 75.4**	**$ 12.5**	**$ 18.9**	**$ 42.6**	**$ 15.6**	**$ 165.0**	$ 179.1	$ 33.3	$ 15.6	$ 12.6	$ 6.6	$ 247.2

In the first quarter of fiscal 2016, we approved Project Compass, a restructuring plan designed to enable our International segment to accelerate long-term growth through increased organizational effectiveness and reduced administrative expense. In connection with this project, we expect to eliminate approximately 725 to 775 positions. We expect to incur approximately $62 to $65 million of net expenses relating to this action of which approximately $61 million will be cash. We recorded $2.1 million of restructuring charges in the second quarter of fiscal 2016 and $53.6 million in the six-month period ended November 29, 2015 relating to this action. We expect this action to be completed by the end of fiscal 2017.

Project Century (Century) began in fiscal 2015 as a review of our North American manufacturing and distribution network to streamline operations and identify potential capacity reductions. In the second quarter of fiscal 2016, we broadened the scope of Project Century to identify opportunities to streamline our supply chain outside of North America. As part of the expanded project, we notified employees and their representatives of the proposal, pending consultation, to close the dough and dry mix manufacturing facility in our International segment supply chain located in Berwick, United Kingdom. If implemented, this action would affect approximately 265 positions. We would expect, subject to the proposal proceeding, to incur total restructuring charges of approximately $46 to $51 million, including approximately $10 million of severance expense and $36 million to $41 million of other charges, primarily fixed asset write-offs. These expenses include cash charges of approximately $21 million. We would expect to record approximately $24 to $29 million pre-tax of restructuring charges in the third quarter of fiscal 2016 and we would expect these actions to be completed by the end of fiscal 2017.

As part of Century, in the second quarter of fiscal 2016, we notified the employees and their representatives of our decision to close our pasta manufacturing facility in East Tamaki, New Zealand in our International segment supply chain. This action will affect approximately 20 positions, and we expect to incur less than $1 million of net expenses relating to this action, most of which will be cash. We recorded $0.4 million of restructuring charges in the second quarter of fiscal 2016 relating to this action. We expect these actions to be completed by the end of fiscal 2017.

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As part of Century, in the first quarter of fiscal 2016, we notified the union member employees and union representatives at our West Chicago, Illinois facility of our decision to close this cereal and dry dinner manufacturing plant in our U.S. Retail segment supply chain. This action will affect approximately 500 positions, and we expect to incur approximately $123 million of net expenses relating to this action, of which approximately $55 million will be cash. We recorded $64.0 million of restructuring charges in the second quarter of fiscal 2016 and the six-month period ended November 29, 2015 relating to this action. We expect this action to be completed by the end of fiscal 2019.

As part of Century, in the first quarter of fiscal 2016, we notified the employees at our snacks manufacturing facility in Joplin, Missouri of our decision to close this plant in our U.S. Retail segment supply chain. This action will affect approximately 120 positions, and we expect to incur approximately $12 million of net expenses relating to this action, of which approximately $5 million will be cash. We recorded $2.9 million of restructuring charges in the second quarter of fiscal 2016 and $7.8 million in the six-month period ended November 29, 2015 relating to this action. We expect this action to be completed by the end of fiscal 2018.

As part of Century, in the second quarter of fiscal 2015, we approved a restructuring plan to consolidate yogurt manufacturing capacity and exit our Methuen, Massachusetts facility in our U.S. Retail segment and Convenience Stores and Foodservice segment supply chains. This action will affect approximately 250 positions. We expect to incur approximately $65 million of net expenses relating to this action of which approximately $14 million will be cash. We recorded $3.3 million of restructuring charges in the second quarter of fiscal 2016 and $15.2 million in the six-month period ended November 29, 2015 relating to this action. We recorded $25.7 million of restructuring charges in the quarter and six-month periods ended November 23, 2014 relating to this action. We expect this action to be completed by the end of fiscal 2016.

As part of Century, in the second quarter of fiscal 2015, we approved a restructuring plan to eliminate excess cereal and dry mix capacity and exit our Lodi, California facility in our U.S. Retail supply chain. This action will affect approximately 430 positions. We expect to incur approximately $102 million of net expenses relating to this action of which approximately $38 million will be cash. We recorded $7.9 million of restructuring charges in the second quarter of fiscal 2016 and $17.0 million in the six-month period ended November 29, 2015 relating to this action. We recorded $44.8 million of restructuring charges in the quarter and six-month periods ended November 23, 2014 relating to this action. We expect this action to be completed by the end of fiscal 2016.

In addition, we recorded restructuring charges of $2.5 million in the second quarter of fiscal 2016, $6.8 million in the six-month period ended November 29, 2015, and $18.4 million in the quarter and six-month period ended November 23, 2014 relating to other Century actions previously announced.

During the second quarter of fiscal 2015, we approved Project Catalyst, a restructuring plan to increase organizational effectiveness and reduce overhead expense. In connection with this project, we expect to eliminate approximately 800 positions primarily in the United States. We expect to incur approximately $149 million of net expenses relating to these actions of which approximately $118 million will be cash. We recorded $0.2 million of restructuring charges in the six-month period ended November 29, 2015 relating to these actions. These actions were largely completed in fiscal 2015.

During the first quarter of fiscal 2015, we approved a plan to combine certain Yoplait and General Mills operational facilities within our International segment to increase efficiencies and reduce costs. This action will affect approximately 240 positions. We expect to incur approximately $15 million of net expenses relating to this action of which approximately $12 million will be cash. We expect this action to be completed in fiscal 2017.

During the six-month period ended November 29, 2015, we paid $75.2 million in cash relating to restructuring initiatives.

In addition to restructuring charges, we expect to incur approximately $105 million of additional project-related costs, which will be recorded in cost of sales, all of which will be cash. We recorded project-related costs in cost of sales of $16.2 million in the second quarter of fiscal 2016 and $29.3 million in the six-month period ended November 29, 2015.

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Restructuring charges and project-related costs are recorded in our Consolidated Statements of Earnings as follows:

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Cost of sales	**$ 21.8**	$ 18.6	**$ 43.6**	$ 18.6
Restructuring, impairment, and other exit costs	**61.3**	214.6	**121.4**	228.6
Total restructuring charges	**83.1**	233.2	**165.0**	247.2
Project-related costs classified in cost of sales	**$ 16.2**	$	**$ 29.3**	$

The roll forward of our restructuring and other exit cost reserves, included in other current liabilities, is as follows:

In Millions	**Severance**	**Contract Termination**	**Other Exit Costs**	**Total**
Reserve balance as of May 31, 2015	$ 118.6	$ 0.6	$ 1.6	$ 120.8
Fiscal 2016 charges, including foreign currency translation	72.5	1.5	4.1	78.1
Utilized in fiscal 2016	(59.2)	(0.4)	(4.1)	(63.7)
Reserve balance as of Nov. 29, 2015	**$ 131.9**	**$ 1.7**	**$ 1.6**	**$ 135.2**

The charges recognized in the roll forward of our reserves for restructuring and other exit costs do not include items charged directly to expense (e.g., asset impairment charges, the gain or loss on the sale of restructured assets, and the write-off of spare parts) and other periodic exit costs recognized as incurred, as those items are not reflected in our restructuring and other exit cost reserves on our Consolidated Balance Sheets.

(4) Goodwill and Other Intangible Assets

The components of goodwill and other intangible assets are as follows:

In Millions	**Nov. 29, 2015**	**May 31, 2015**
Goodwill	**$ 8,602.1**	$ 8,874.9
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	**4,083.0**	4,262.1
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	**524.8**	544.0
Less accumulated amortization	**(136.8)**	(129.1)
Intangible assets subject to amortization, net	**388.0**	414.9
Other intangible assets	**4,471.0**	4,677.0
Total	**$ 13,073.1**	$ 13,551.9

Based on the carrying value of finite-lived intangible assets as of November 29, 2015, annual amortization expense for each of the next five fiscal years is estimated to be approximately $27 million.

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The changes in the carrying amount of goodwill during fiscal 2016 were as follows:

In Millions	U.S. Retail	Convenience Stores International	Convenience Stores and Foodservice	Joint Ventures	Total
Balance as of May 31, 2015	$ 6,419.0	$ 1,133.3	$ 921.1	$ 401.5	$ 8,874.9
Divestiture	(180.2)	(4.3)			(184.5)
Other activity, primarily foreign currency translation		(74.0)		(14.3)	(88.3)
Balance as of Nov. 29, 2015	**$ 6,238.8**	**$ 1,055.0**	**$ 921.1**	**$ 387.2**	**$ 8,602.1**

The changes in the carrying amount of other intangible assets during fiscal 2016 were as follows:

In Millions	U.S. Retail	International	Joint Ventures	Total
Balance as of May 31, 2015	$ 3,311.9	$ 1,301.5	$ 63.6	$ 4,677.0
Divestiture	(119.4)			(119.4)
Other activity, primarily foreign currency translation	(1.8)	(84.7)	(0.1)	(86.6)
Balance as of Nov. 29, 2015	**$ 3,190.7**	**$ 1,216.8**	**$ 63.5**	**$ 4,471.0**

During the second quarter of fiscal 2016, we changed the date of our annual goodwill and indefinite-lived intangible asset impairment assessment from the first day of the third quarter to the first day of the second quarter to more closely align with the timing of our annual long range planning process. As of our fiscal 2016 assessment date, there was no impairment of any of our goodwill or indefinite-lived intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Mountain High* and *Uncle Toby s* brand assets. The excess fair value above the carrying value of these brand assets is as follows:

In Millions	Carrying Value	Excess Fair Value Above Carrying Value
Mountain High	$ 35.4	20%
Uncle Toby s	$ 52.2	11%

We will continue to monitor these businesses for potential impairment.

(5) Inventories

The components of inventories were as follows:

In Millions	Nov. 29, 2015	May 31, 2015
Raw materials and packaging	**$ 394.2**	$ 390.8

Finished goods	**1,183.8**	1,268.6
Grain	**112.1**	95.7
Excess of FIFO over LIFO cost	**(235.1)**	(214.2)
Total	**$ 1,455.0**	$ 1,540.9

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(6) Risk Management Activities

Many commodities we use in the production and distribution of our products are exposed to market price risks. We utilize derivatives to manage price risk for our principal ingredients and energy costs, including grains (oats, wheat, and corn), oils (principally soybean), non-fat dry milk, natural gas, and diesel fuel. Our primary objective when entering into these derivative contracts is to achieve certainty with regard to the future price of commodities purchased for use in our supply chain. We manage our exposures through a combination of purchase orders, long-term contracts with suppliers, exchange-traded futures and options, and over-the-counter options and swaps. We offset our exposures based on current and projected market conditions and generally seek to acquire the inputs at as close to our planned cost as possible.

We use derivatives to manage our exposure to changes in commodity prices. We do not perform the assessments required to achieve hedge accounting for commodity derivative positions. Accordingly, the changes in the values of these derivatives are recorded currently in cost of sales in our Consolidated Statements of Earnings.

Although we do not meet the criteria for cash flow hedge accounting, we believe that these instruments are effective in achieving our objective of providing certainty in the future price of commodities purchased for use in our supply chain. Accordingly, for purposes of measuring segment operating performance certain gains and losses are reported in unallocated corporate items outside of segment operating results until such time that the exposure we are managing affects earnings. At that time we reclassify the gain or loss from unallocated corporate items to segment operating profit, allowing our operating segments to realize the economic effects of the derivative without experiencing the resulting mark-to-market volatility, which remains in unallocated corporate items.

Unallocated corporate items for the quarters and six-month periods ended November 29, 2015 and November 23, 2014 included:

	Quarter Ended		Six-Month Period Ended	
	Nov. 29,	Nov. 23,	Nov. 29,	Nov. 23,
In Millions	**2015**	**2014**	**2015**	**2014**
Net loss on certain mark-to-market valuation of commodity positions	**$ (31.7)**	$ (40.2)	**$ (54.0)**	$ (81.6)
Net loss on commodity positions reclassified from unallocated corporate items to segment operating profit	**35.2**	32.8	**62.1**	28.0
Net mark-to-market revaluation of certain grain inventories	**4.2**	2.3	**2.3**	(0.7)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	**$ 7.7**	$ (5.1)	**$ 10.4**	$ (54.3)

As of November 29, 2015, the net notional value of commodity derivatives was $319.1 million, of which $194.9 million related to energy inputs and $124.2 million related to agricultural inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

The fair values of the derivative positions used in our risk management activities and other assets recorded at fair value were not material as of November 29, 2015 and were Level 1 or Level 2 assets and liabilities in the fair value hierarchy. We did not significantly change our valuation techniques from prior periods.

We offer certain suppliers access to a third party service that allows them to view our scheduled payments online. The third party service also allows suppliers to finance advances on our scheduled payments at the sole discretion of the supplier and the third party. We have no economic interest in these financing arrangements and no direct relationship with the suppliers, the third party, or any financial institutions concerning this service. All of our accounts payable remain as obligations to our suppliers as stated in our supplier agreements. As of November 29, 2015, $519.7 million of our total accounts payable is payable to suppliers who utilize this third party service.

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(7) Debt

The components of notes payable were as follows:

In Millions	Nov. 29, 2015	May 31, 2015
U.S. commercial paper	**$ 60.0**	$ 432.0
Financial institutions	**246.7**	183.8
Total	**$ 306.7**	$ 615.8

To ensure availability of funds, we maintain bank credit lines sufficient to cover our outstanding notes payable. Commercial paper is a continuing source of short-term financing. We have commercial paper programs available to us in the United States and Europe. We also have committed, uncommitted, and asset-backed credit lines that support our foreign operations.

The following table details the fee-paid committed and uncommitted credit lines we had available as of November 29, 2015:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
April 2017	$ 1.7	$
May 2019	1.0	
June 2019	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.4	0.2
Total committed and uncommitted credit facilities	$ 3.3	$ 0.3

In June 2014, our subsidiary Yoplait SAS entered into a 200.0 million fee-paid committed credit facility that is scheduled to expire in June 2019.

The credit facilities contain covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times. We were in compliance with all credit facility covenants as of November 29, 2015.

Long-Term Debt

The fair values and carrying amounts of long-term debt, including the current portion, were $8,800.6 million and $8,516.8 million, respectively, as of November 29, 2015. The fair value of long-term debt was estimated using market quotations and discounted cash flows based on our current incremental borrowing rates for similar types of instruments. Long-term debt is a Level 2 liability in the fair value hierarchy.

In April 2015, we issued 500.0 million principal amount of 1.0 percent fixed-rate notes due April 27, 2023 and 400.0 million principal amount of 1.5 percent fixed-rate notes due April 27, 2027. Interest on the notes is payable annually in arrears. We may redeem the notes in whole, or in part, at the applicable redemption price at any time. These notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used for general corporate purposes and to reduce our commercial paper borrowings.

In March 2015, we repaid $750.0 million of 5.2 percent fixed-rate notes.

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In October 2014, we issued $500.0 million aggregate principal amount of 1.4 percent fixed-rate notes due October 20, 2017 and $500.0 million aggregate principal amount of 2.2 percent fixed-rate notes due October 21, 2019. Interest on the notes is payable semi-annually in arrears. We may redeem the notes in whole, or in part, at the applicable redemption price at any time. The notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used to fund our acquisition of Annie s and for general corporate purposes.

In June 2014, we issued 200.0 million principal amount of 2.2 percent fixed-rate senior unsecured notes due June 24, 2021 in a private placement offering. Interest on the notes is payable semi-annually in arrears. The notes may be redeemed in whole, or in part, at our option at any time for a specific make-whole amount and include a change of control repurchase provision. The net proceeds were used to refinance existing debt.

In June 2014, we repaid 290.0 million of floating-rate notes.

Certain of our long-term debt agreements contain restrictive covenants. As of November 29, 2015, we were in compliance with all of these covenants.

(8) Redeemable and Noncontrolling Interests

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal International (Sodiaal) holds the remaining interests in each of the entities. On the acquisition date, we recorded the $904.4 million fair value of Sodiaal s 49 percent euro-denominated interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value once per year through a maximum term expiring December 2020. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest s redemption value, which approximates its fair value. Yoplait SAS pays dividends annually if it meets certain financial metrics set forth in its shareholders agreement. As of November 29, 2015, the redemption value of the euro-denominated redeemable interest was $817.4 million.

A subsidiary of Yoplait SAS has entered into an exclusive milk supply agreement for its European operations with Sodiaal through July 1, 2021. Net purchases totaled $107.6 million for the six-month period ended November 29, 2015 and $148.7 million for the six-month period ended November 23, 2014.

On the acquisition dates, we recorded the $281.4 million fair value of Sodiaal s 50 percent euro-denominated interest in Yoplait Marques SNC and 50 percent Canadian dollar-denominated interest in Liberté Marques Sàrl as noncontrolling interests on our Consolidated Balance Sheets. Yoplait Marques SNC earns a royalty stream through a licensing agreement with Yoplait SAS for the rights to *Yoplait* and related trademarks. Liberté Marques Sàrl earns a royalty stream through licensing agreements with certain Yoplait group companies for the rights to *Liberté* and related trademarks. These entities pay dividends annually based on their available cash as of their fiscal year end.

The third-party holder of the Class A Interests in our General Mills Cereals, LLC (GMC) consolidated subsidiary receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate to the holder s capital account balance established in the most recent mark-to-market valuation (currently $251.5 million). The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction. On June 1, 2015, the floating preferred return rate on GMC s Class A Interests was reset to the sum of three-month LIBOR plus 125 basis points.

Our noncontrolling interests contain restrictive covenants. As of November 29, 2015, we were in compliance with all of these covenants.

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(9) Stockholders Equity

The following tables provide details of total comprehensive income (loss):

	Quarter Ended Nov. 29, 2015					Quarter Ended Nov. 23, 2014				
	General Mills			Noncontrolling Interests	Redeemable Interest	General Mills			Noncontrolling Interests	Redeemable Interest
In Millions	**Pretax**	**Tax**	**Net**	**Net**	**Net**	**Pretax**	**Tax**	**Net**	**Net**	**Net**
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$ 529.5**	**$ 3.9**	**$ 10.2**			$ 346.1	$ 4.0	$ 5.3
Other comprehensive income (loss):										
Foreign currency translation	**$ (22.8)**	**$**	**(22.8)**	**(17.5)**	**(30.0)**	$ (221.7)	$	(221.7)	(26.0)	(49.6)
Other fair value changes:										
Securities	**0.1**		**0.1**			0.4	(0.2)	0.2		
Hedge derivatives	**2.1**	**(1.1)**	**1.0**		**(0.9)**	7.9	(1.7)	6.2		(0.4)
Reclassification to earnings:										
Hedge derivatives (a)	**(1.2)**	**0.2**	**(1.0)**		**0.7**	1.4	(0.3)	1.1		0.7
Amortization of losses and prior service costs (b)	**57.7**	**(21.8)**	**35.9**			47.4	(17.9)	29.5		
Other comprehensive income (loss):	**$ 35.9**	**$ (22.7)**	**13.2**	**(17.5)**	**(30.2)**	$ (164.6)	$ (20.1)	(184.7)	(26.0)	(49.3)
Total comprehensive income (loss)			**$ 542.7**	**$ (13.6)**	**$ (20.0)**			$ 161.4	$ (22.0)	$ (44.0)

(a) (Gain) loss reclassified from AOCI into earnings is reported in interest, net for interest rate swaps and in cost of sales and SG&A expenses for foreign exchange contracts.

(b) Loss reclassified from AOCI into earnings is reported in SG&A expenses.

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	Six-Month Period Ended Nov. 29, 2015					Six-Month Period Ended Nov. 23, 2014				
	General Mills			Noncontrolling Interests	Redeemable Interest	General Mills			Noncontrolling Interests	Redeemable Interest
In Millions	**Pretax**	**Tax**	**Net**	**Net**	**Net**	**Pretax**	**Tax**	**Net**	**Net**	**Net**
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$ 956.1**	**$ 6.5**	**$ 16.1**			$ 691.3	$ 5.6	$ 10.9
Other comprehensive loss:										
Foreign currency translation	**$ (172.7)**	**$**	**(172.7)**	**(12.2)**	**(27.6)**	$ (282.1)	$	(282.1)	(37.6)	(70.1)
Other fair value changes:										
Securities						0.6	(0.3)	0.3		
Hedge derivatives	**15.3**	**(4.2)**	**11.1**		**(0.7)**	7.1	(1.5)	5.6		(1.0)
Reclassification to earnings:										
Hedge derivatives (a)	**(2.3)**	**0.8**	**(1.5)**		**1.9**	4.8	(0.9)	3.9		1.4
Amortization of losses and prior service costs (b)	**107.4**	**(40.6)**	**66.8**			86.3	(33.3)	53.0		
Other comprehensive loss	**$ (52.3)**	**$ (44.0)**	**(96.3)**	**(12.2)**	**(26.4)**	$ (183.3)	$ (36.0)	(219.3)	(37.6)	(69.7)
Total comprehensive income (loss)			**$ 859.8**	**$ (5.7)**	**$ (10.3)**			$ 472.0	$ (32.0)	$ (58.8)

(a) (Gain) loss reclassified from AOCI into earnings is reported in interest, net for interest rate swaps and in cost of sales and SG&A expenses for foreign exchange contracts.

(b) Loss reclassified from AOCI into earnings is reported in SG&A expenses.

Except for reclassifications to earnings, changes in other comprehensive income (loss) are primarily non-cash items.

Accumulated other comprehensive loss balances, net of tax effects, were as follows:

In Millions	**Nov. 29, 2015**	**May 31, 2015**
Foreign currency translation adjustments	**$ (709.3)**	$ (536.6)
Unrealized gain (loss) from:		
Securities	**3.7**	3.7
Hedge derivatives	**(19.2)**	(28.8)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	**(1,694.8)**	(1,756.1)
Prior service costs	**12.6**	7.1
Accumulated other comprehensive loss	**$ (2,407.0)**	$ (2,310.7)

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(10) Stock Plans

We have various stock-based compensation programs under which awards, including stock options, restricted stock, restricted stock units, and performance awards, may be granted to employees and non-employee directors. These programs and related accounting are described in Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015.

Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings was as follows:

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Compensation expense related to stock-based payments	**$ 21.4**	$ 22.1	**$ 54.3**	$ 67.7

Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings includes amounts recognized in restructuring, impairment, and other exit costs.

As of November 29, 2015, unrecognized compensation expense related to non-vested stock options, restricted stock units, and performance award units was $118.0 million. This expense will be recognized over 22 months, on average.

Net cash proceeds from the exercise of stock options less shares used for withholding taxes and the intrinsic value of options exercised were as follows:

	Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**
Net cash proceeds	**$ 64.5**	$ 35.9
Intrinsic value of options exercised	**$ 102.0**	$ 40.1

We estimate the fair value of each stock option on the grant date using a Black-Scholes option-pricing model. Black-Scholes option-pricing models require us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, and dividend yield. We estimate our future stock price volatility using the historical volatility over the expected term of the option, excluding time periods of volatility we believe a marketplace participant would exclude in estimating our stock price volatility. We also have considered, but did not use, implied volatility in our estimate, because trading activity in options on our stock, especially those with tenors of greater than 6 months, is insufficient to provide a reliable measure of expected volatility. Our method of selecting the other valuation assumptions is explained in Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015.

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The estimated fair values of stock options granted and the assumptions used for the Black-Scholes option-pricing model were as follows:

	Six-Month Period Ended	
	Nov. 29, 2015	**Nov. 23, 2014**
Estimated fair values of stock options granted	**$ 7.24**	$ 7.22
Assumptions:		
Risk-free interest rate	**2.4%**	2.6%
Expected term	**8.5 years**	8.5 years
Expected volatility	**17.6%**	17.5%
Dividend yield	**3.2%**	3.0%

Information on stock option activity follows:

	Options Outstanding (Thousands)	**Weighted-Average Exercise Price Per Share**	**Weighted-Average Remaining Contractual Term (Years)**	**Aggregate Intrinsic Value (Millions)**
Balance as of May 31, 2015	39,077.2	$ 34.35		
Granted	1,930.2	55.72		
Exercised	(3,412.4)	28.15		
Forfeited or expired	(53.8)	46.78		
Outstanding as of Nov. 29, 2015	**37,541.2**	**$ 35.99**	**4.42**	**$ 841.6**
Exercisable as of Nov. 29, 2015	**27,385.2**	**$ 31.68**	**3.18**	**$ 732.1**

Information on restricted stock and performance award unit activity follows:

	Equity Classified		**Liability Classified**	
	Share-Settled Units (Thousands)	**Weighted-Average Grant-Date Fair Value**	**Share-Settled Units (Thousands)**	**Weighted-Average Grant-Date Fair Value**
Non-vested as of May 31, 2015	6,235.6	$ 46.44	237.0	$ 44.84
Granted	1,253.7	55.88	63.4	55.83
Vested	(1,923.9)	47.18	(68.5)	40.49
Forfeited	(161.2)	48.24	(15.6)	51.76
Non-vested as of Nov. 29, 2015	**5,404.2**	**$ 48.32**	**216.3**	**$ 48.39**

The total grant-date fair value of restricted stock unit awards that vested in the six-month period ended November 29, 2015 was $93.7 million, and restricted stock units with a grant-date fair value of $99.0 million vested in the six-month period ended November 23, 2014.

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(11) Earnings Per Share

Basic and diluted earnings per share (EPS) were calculated using the following:

	Quarter Ended		Six-Month Period Ended	
In Millions, Except per Share Data	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Net earnings attributable to General Mills	**$ 529.5**	$ 346.1	**$ 956.1**	$ 691.3
Average number of common shares - basic EPS	**599.4**	602.6	**600.8**	607.6
Incremental share effect from: (a)				
Stock options	**9.8**	11.3	**10.1**	11.7
Restricted stock, restricted stock units, and other	**3.2**	4.5	**3.2**	4.5
Average number of common shares - diluted EPS	**612.4**	618.4	**614.1**	623.8
Earnings per share - basic	**$ 0.88**	$ 0.58	**$ 1.59**	$ 1.14
Earnings per share - diluted	**$ 0.87**	$ 0.56	**$ 1.56**	$ 1.11

(a) Incremental shares from stock options, restricted stock units, and performance share units are computed by the treasury stock method. Stock options, restricted stock units, and performance share units excluded from our computation of diluted EPS because they were not dilutive were as follows:

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Anti-dilutive stock options, restricted stock units, and performance share units	**2.2**	2.4	**2.6**	2.0

(12) Share Repurchases

Share repurchases were as follows:

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Shares of common stock (a)	**6.8**	9.8	**9.5**	18.6
Aggregate purchase price	**$ 385.2**	$ 506.3	**$ 537.3**	$ 968.8

(a) The number of shares repurchased during the quarter and six-month period ended November 29, 2015 includes 3.7 million shares repurchased under an ASR agreement.

During the second quarter of fiscal 2016, we entered into an accelerated share repurchase (ASR) agreement with an unrelated third party financial institution to repurchase an aggregate of $225.0 million of our outstanding common stock. The total aggregate number of shares to be repurchased pursuant to this agreement will be determined based on the capped volume weighted average price of our common stock during the purchase period, less a fixed discount. Under the ASR agreement, we paid $225.0 million to the financial institution and received 3.7 million shares of common stock with a fair value of $213.3 million during the second quarter of fiscal 2016. We will settle the remaining shares upon the completion of the ASR agreement in the third quarter of fiscal 2016. We recorded this transaction as an increase in treasury stock of $213.3 million, and recorded the remaining $11.7 million as a decrease to additional paid in capital on our Consolidated Balance Sheets as of November 29, 2015. We will

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reclassify the $11.7 million recorded in additional paid in capital to treasury stock at completion of the ASR agreement. This forward contract is indexed to, and potentially settled in, our common stock. In accordance with the terms of the ASR agreement, we have the option to settle our delivery obligation, if any, under the forward contract in cash or shares and we may be required to settle in cash in very limited circumstances that are under our control or that require the delivery of cash to all stockholders. Furthermore, the contract specifies a maximum number of shares that we could be required to deliver to the counterparty, and we have sufficient authorized and unissued shares available to deliver the maximum share amount. Based on these circumstances, the forward contract meets the requirements to be classified as permanent equity. The forward contract is accounted for as an equity instrument and does not require hedge or derivative accounting treatment. As long as the forward contract continues to meet the requirements to be classified as permanent equity, we will not record future changes in its fair value. The forward contract continued to meet those requirements as of November 29, 2015, and we expect it will continue to meet those requirements through the settlement date in the third quarter of fiscal 2016.

The initial delivery of 3.7 million shares of our common stock reduced our outstanding shares used to determine our weighted average shares outstanding for purposes of calculating basic and diluted earnings per share (EPS) for the second quarter and year-to-date periods of fiscal 2016. We have also evaluated the ASR agreement for the potential dilutive effects of any shares that may be received upon settlement and determined that the additional shares would be anti-dilutive and therefore were not included in our EPS calculations for fiscal 2016.

(13) Statements of Cash Flows

Our Consolidated Statements of Cash Flows include the following:

	Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**
Net cash interest payments	**$ 145.1**	$ 157.5
Net income tax payments	**$ 346.9**	$ 353.1

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(14) Retirement and Postemployment Benefits

Components of net periodic benefit expense are as follows:

In Millions	Defined Benefit Pension Plans Quarter Ended Nov. 29, 2015	Defined Benefit Pension Plans Quarter Ended Nov. 23, 2014	Other Postretirement Benefit Plans Quarter Ended Nov. 29, 2015	Other Postretirement Benefit Plans Quarter Ended Nov. 23, 2014	Postemployment Benefit Plans Quarter Ended Nov. 29, 2015	Postemployment Benefit Plans Quarter Ended Nov. 23, 2014
Service cost	**$ 33.7**	$ 34.4	**$ 4.7**	$ 5.6	**$ 1.9**	$ 1.9
Interest cost	**67.0**	62.4	**11.0**	11.7	**1.0**	1.0
Expected return on plan assets	**(124.3)**	(119.2)	**(11.5)**	(10.1)		
Amortization of losses	**47.3**	35.4	**1.6**	1.3	**0.2**	0.2
Amortization of prior service costs (credits)	**1.2**	1.8	**(1.3)**	(0.4)	**0.6**	0.6
Other adjustments	**5.0**	4.4	**2.4**	0.3	**3.3**	3.2
Settlement or curtailment losses	**11.3**	10.1	**0.2**	0.8		
Net expense	**$ 41.2**	$ 29.3	**$ 7.1**	$ 9.2	**$ 7.0**	$ 6.9

In Millions	Defined Benefit Pension Plans Six-Month Period Ended Nov. 29, 2015	Defined Benefit Pension Plans Six-Month Period Ended Nov. 23, 2014	Other Postretirement Benefit Plans Six-Month Period Ended Nov. 29, 2015	Other Postretirement Benefit Plans Six-Month Period Ended Nov. 23, 2014	Postemployment Benefit Plans Six-Month Period Ended Nov. 29, 2015	Postemployment Benefit Plans Six-Month Period Ended Nov. 23, 2014
Service cost	**$ 67.4**	$ 68.8	**$ 9.5**	$ 11.2	**$ 3.8**	$ 3.8
Interest cost	**134.0**	124.9	**22.0**	23.5	**2.0**	2.1
Expected return on plan assets	**(248.6)**	(238.5)	**(23.1)**	(20.1)		
Amortization of losses	**94.7**	70.8	**3.3**	2.5	**0.4**	0.4
Amortization of prior service costs (credits)	**2.4**	3.7	**(2.7)**	(0.8)	**1.2**	1.2
Other adjustments	**5.0**	4.4	**2.4**	0.3	**6.5**	6.3
Settlement or curtailment losses	**11.3**	10.1	**0.2**	0.8		
Net expense	**$ 66.2**	$ 44.2	**$ 11.6**	$ 17.4	**$ 13.9**	$ 13.8

(15) Business Segment Information

We operate in the consumer foods industry. We have three operating segments by type of customer and geographic region as follows: U.S. Retail; International; and Convenience Stores and Foodservice.

Our U.S. Retail segment reflects business with a wide variety of grocery stores, mass merchandisers, membership stores, natural food chains, and drug, dollar and discount chains operating throughout the United States. Our product categories in this business segment are ready-to-eat cereals, refrigerated yogurt, soup, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, grain, fruit and savory snacks, and a wide variety of organic products including meal kits, granola bars, and cereal.

Our International segment consists of retail and foodservice businesses outside of the United States. Our product categories include ready-to-eat cereals, shelf stable and frozen vegetables, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza snacks, refrigerated yogurt, grain and fruit snacks, and super-premium ice cream and frozen desserts. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our International segment also includes products manufactured in the United

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States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities and franchise fees are reported in the region or country where the end customer is located.

In our Convenience Stores and Foodservice segment our major product categories are ready-to-eat cereals, snacks, refrigerated yogurt, frozen meals, unbaked and fully baked frozen dough products, baking mixes, and flour. Many products we sell are branded to the consumer and nearly all are branded to our customers. We sell to distributors and operators in many customer channels including foodservice, convenience stores, vending, and supermarket bakeries. Substantially all of this segment s operations are located in the United States.

Operating profit for these segments excludes unallocated corporate items and restructuring, impairment, and other exit costs. Unallocated corporate items include corporate overhead expenses, variances to planned domestic employee benefits and incentives, contributions to the General Mills Foundation, asset and liability remeasurement impact of hyperinflationary economies, restructuring initiative project-related costs, gain on a divestiture, and other items that are not part of our measurement of segment operating performance. These include gains and losses arising from the revaluation of certain grain inventories and gains and losses from mark-to-market valuation of certain commodity positions until passed back to our operating segments. These items affecting operating profit are centrally managed at the corporate level and are excluded from the measure of segment profitability reviewed by executive management. Under our supply chain organization, our manufacturing, warehouse, and distribution activities are substantially integrated across our operations in order to maximize efficiency and productivity. As a result, fixed assets and depreciation and amortization expenses are neither maintained nor available by operating segment.

Our operating segment results were as follows:

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 29, 2015**	**Nov. 23, 2014**	**Nov. 29, 2015**	**Nov. 23, 2014**
Net sales:				
U.S. Retail	**$ 2,761.9**	$ 2,861.6	**$ 5,293.1**	$ 5,305.9
International	**1,157.2**	1,321.1	**2,356.2**	2,672.2
Convenience Stores and Foodservice	**505.8**	529.5	**983.5**	1,002.5
Total	**$ 4,424.9**	$ 4,712.2	**$ 8,632.8**	$ 8,980.6
Operating profit:				
U.S. Retail	**$ 600.4**	$ 616.1	**$ 1,230.1**	$ 1,073.3
International	**136.2**	134.3	**253.2**	280.3
Convenience Stores and Foodservice	**102.8**	96.2	**182.6**	183.5
Total segment operating profit	**839.4**	846.6	**1,665.9**	1,537.1
Unallocated corporate items	**71.5**	73.0	**154.6**	192.0
Divestiture (gain)	**(199.1)**		**(199.1)**	
Restructuring, impairment, and other exit costs	**61.3**	214.6	**121.4**	228.6
Operating profit	**$ 905.7**	$ 559.0	**$ 1,589.0**	$ 1,116.5

(16) New Accounting Pronouncements

In the first quarter of fiscal 2016, we adopted new accounting requirements for the classification of debt issuance costs presented in the balance sheet as a direct reduction of the carrying amount of the debt liability. This change has been implemented retroactively. The adoption of this guidance did not have a material impact on our results of operations or financial position.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

INTRODUCTION

This Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the MD&A included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015 for important background regarding, among other things, our key business drivers. Significant trademarks and service marks used in our business are set forth in *italics* herein. Certain terms used throughout this report are defined in the Glossary section below.

CONSOLIDATED RESULTS OF OPERATIONS

Second Quarter Results

For the second quarter of fiscal 2016, net sales declined 6 percent to $4,425 million and decreased 2 percent on a constant-currency basis, compared to the same period last year. Total segment operating profit was $839 million, 1 percent lower than the second quarter of fiscal 2015 and 2 percent higher on a constant-currency basis. Net earnings attributable to General Mills were $530 million in the second quarter of fiscal 2016, up 53 percent from $346 million last year, and diluted earnings per share (EPS) of $0.87 in the second quarter of fiscal 2016 was up 55 percent from $0.56 last year. These results include a gain on divestiture, restructuring charges, project-related costs, and the mark-to-market valuation of certain commodity positions and grain inventories. Diluted EPS excluding these items affecting comparability totaled $0.82 in the second quarter of fiscal 2016, up 2 percent from $0.80 in the same period last year. Diluted EPS excluding certain items affecting comparability on a constant-currency basis increased 5 percent compared to the second quarter of fiscal 2015 (see the Non-GAAP Measures section below for our use of these measures not defined by GAAP).

Net sales declined 6 percent to $4,425 million for the second quarter of fiscal 2016 compared to $4,712 million in the same period last year. Components of net sales growth are shown in the following table:

Second Quarter of Fiscal 2016 vs. Second Quarter of Fiscal 2015	**U.S. Retail**	**International**	**Convenience Stores and Foodservice**	**Combined Segments**
Contributions from volume growth (a)	(4)pts	(2)pts	(3)pts	(3)pts
Net price realization and mix	Flat	5pts	(1)pt	1pt
Foreign currency exchange	NA	(15)pts	NM	(4)pts
Net sales growth	(4)pts	(12)pts	(4)pts	(6)pts

(a) Measured in tons based on the stated weight of our product shipments.

Net sales growth in the second quarter of fiscal 2016 included a 1 percent decrease from the net impact of the acquisition of Annie s Inc. (Annie s) in the second quarter of fiscal 2015 and the divestiture of the North America Green Giant product lines (Green Giant) in the second quarter of fiscal 2016.

Cost of sales decreased $209 million from the second quarter of fiscal 2015 to $2,884 million. The decrease included a $104 million decrease attributable to lower volume and a $111 million decrease attributable to product rate and mix. We recorded an $8 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the second quarter of fiscal 2016 compared to a net increase of $5 million in the second quarter of fiscal 2015. We also recorded $22 million of restructuring charges in cost of sales in the second quarter of fiscal 2016 compared to $19 million in the same period last year.

We expect to incur approximately $105 million of restructuring initiative project-related cash costs and recorded $16 million of these costs in cost of sales in the second quarter of fiscal 2016 (Please refer to Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report).

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Selling, general, and administrative (SG&A) expenses decreased $73 million to $773 million in the second quarter of fiscal 2016 compared to the same period in fiscal 2015. The decrease in SG&A expenses primarily reflects savings from Project Catalyst and our other cost management initiatives, and a 15 percentage point decrease in media and advertising expense. SG&A expenses as a percent of net sales in the second quarter of fiscal 2016 decreased 50 basis points compared with the second quarter of fiscal 2015.

Divestiture gain totaled $199 million from the sale of our Green Giant product lines during the second quarter of fiscal 2016.

Restructuring, impairment, and other exit costs totaled $61 million in the second quarter of fiscal 2016 compared to $215 million in the same period last year.

Total charges associated with our restructuring initiatives recognized in the second quarter of fiscal 2016 consisted of the following:

	Quarter Ended Nov. 29, 2015		**Quarter Ended Nov. 23, 2014**	
In Millions	**Charge**	**Cash**	**Charge**	**Cash**
Compass	**$ 2.1**	**$ 16.9**	$	$
Total Century (a)	**81.0**	**7.3**	88.9	6.5
Catalyst		**15.9**	145.0	1.8
Combination of certain operational facilities		**0.8**	(0.1)	
Other			(0.6)	1.0
Total restructuring charges	**83.1**	**40.9**	233.2	9.3
Project-related costs	**16.2**	**15.0**	0.7	
Restructuring charges and project-related costs	**$ 99.3**	**$ 55.9**	$ 233.9	$ 9.3

(a) Includes $21.8 million of restructuring charges recorded in cost of sales in fiscal 2016 and $18.6 million in fiscal 2015.

For further information on these restructuring actions, please refer to Note 3 to the Consolidated Financial Statements in Part 1, Item 1 of this report.

Interest, net for the second quarter of fiscal 2016 totaled $74 million, a $4 million decrease from the same period of fiscal 2015. The average interest rate decreased 7 basis points, including the effect of the mix of debt, generating a $2 million decrease in net interest. Average interest bearing instruments decreased $223 million, generating a $2 million decrease in net interest.

The **effective tax rate** for the second quarter of fiscal 2016 was 37.4 percent compared to 31.8 percent for the second quarter of fiscal 2015. The 5.6 percentage point increase was primarily related to significant non-deductible expenses related to the Green Giant divestiture in the second quarter of fiscal 2016.

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After-tax earnings from joint ventures for the second quarter ended November 29, 2015 decreased to $23 million compared to $27 million in the same period last fiscal year, primarily driven by unfavorable foreign currency and volume declines for Häagen-Dazs Japan, Inc. (HDJ). On a constant-currency basis, after-tax earnings from joint ventures declined 6 percent. The change in net sales for each joint venture is set forth in the following table:

	Quarter Ended Nov. 29, 2015		
	Percentage Change in Joint Venture Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Joint Venture Net Sales on Constant-Currency Basis
Cereal Partners Worldwide (CPW)	(13)%	(14)pts	1%
HDJ	(18)	(8)	(10)
Joint Ventures	(14)%	(13)pts	(1)%

The components of our joint ventures net sales growth are shown in the following table:

Second Quarter of Fiscal 2016 vs. Second Quarter of Fiscal 2015	CPW	HDJ
Contributions from volume growth (a)	Flat	(12)pts
Net price realization and mix	1pt	2pts
Foreign currency exchange	(14)pts	(8)pts
Net sales growth	(13)pts	(18)pts

(a) Measured in tons based on the stated weight of our product shipments.

Average diluted shares outstanding decreased by 6 million in the second quarter of fiscal 2016 from the same period a year ago due to the impact of share repurchases including 3.7 million shares repurchased under an accelerated share repurchase (ASR) agreement, partially offset by option exercises.

Six-month Results

For the six-month period ended November 29, 2015, net sales declined 4 percent to $8,633 million and increased 1 percent on a constant-currency basis, compared to the same period last year. Total segment operating profit was $1,666 million, 8 percent higher than the six-month period ended November 23, 2014 and 12 percent higher on a constant-currency basis. Net earnings attributable to General Mills were $956 million in the six-month period ended November 29, 2015, up 38 percent from $691 million last year, and diluted EPS of $1.56 was up 40 percent compared to the six-month period ended November 23, 2014. These results include a gain from divestiture, restructuring charges, project-related costs, and the mark-to-market valuation of certain commodity positions and grain inventories. Diluted EPS excluding these items affecting comparability was $1.61 in the six-month period ended November 29, 2015, up 14 percent compared to $1.41 in the same period last year. Diluted EPS excluding certain items affecting comparability on a constant-currency basis increased 18 percent compared to the six-month period ended November 23, 2014 (see the Non-GAAP Measures section below for our use of these measures not defined by GAAP).

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Net sales of $8,633 million for the six-month period ended November 29, 2015 declined 4 percent compared to $8,981 million in the same period last year. Components of net sales growth are shown in the following table:

Six-Month Period Ended Nov. 29, 2015 vs. Six-Month Period Ended Nov. 23, 2014	U.S. Retail	International	Convenience Stores and Foodservice	Combined Segments
Contributions from volume growth (a)	(2)pts	1pt	(1)pt	(1)pt
Net price realization and mix	2pts	3pts	(1)pt	2pts
Foreign currency exchange	NA	(16)pts	NM	(5)pts
Net sales growth	Flat	(12)pts	(2)pts	(4)pts

(a) Measured in tons based on the stated weight of our product shipments.

The net impact of the Annie s acquisition and Green Giant divestiture was not material to net sales growth for the six-month period ended November 29, 2015.

Cost of sales decreased $385 million from the six-month period ended November 23, 2014, to $5,538 million. The decrease included a $314 million decrease attributable to product rate and mix and a $61 million decrease attributable to lower volume. We also recorded $44 million of restructuring charges in the six-month period ended November 29, 2015 compared to $19 million in the same period last year. We recorded a $10 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the six-month period ended November 29, 2015 compared to a net increase of $54 million in the six-month period ended November 23, 2014.

We also expect to incur approximately $105 million of restructuring initiative project-related cash costs and recorded $29 million of these costs in cost of sales in the six-month period ended November 29, 2015 (Please refer to Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report).

SG&A expenses decreased $129 million to $1,584 million in the six-month period ended November 29, 2015 compared to the same period in fiscal 2015. The decrease in SG&A expenses primarily reflects savings from Project Catalyst and other cost management initiatives, and a 10 percentage point decrease in media and advertising expense. SG&A expenses as a percent of net sales in the six-month period ended November 29, 2015 decreased 80 basis points compared with the same period of fiscal 2015.

Divestiture gain totaled $199 million from the sale of our Green Giant product lines during the six-month period ended November 29, 2015.

Restructuring, impairment, and other exit costs totaled $121 million in the six-month period ended November 29, 2015 compared to $229 million in the same period last year.

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Total charges associated with our restructuring initiatives consisted of the following:

	Six-Month Period Ended Nov. 29, 2015		Six-Month Period Ended Nov. 23, 2014	
In Millions	**Charge**	**Cash**	**Charge**	**Cash**
Compass	**$ 53.6**	**$ 25.5**	$	$
Total Century (a)	**111.2**	**13.1**	88.9	6.5
Catalyst	**0.2**	**35.6**	145.0	1.8
Combination of certain operational facilities		**1.0**	13.9	
Other			(0.6)	2.2
Total restructuring charges	**165.0**	**75.2**	247.2	10.5
Project-related costs	**29.3**	**27.2**	0.7	
Restructuring charges and project-related costs	**$ 194.3**	**$ 102.4**	$ 247.9	$ 10.5

(a) Includes $43.6 million of restructuring charges recorded in cost of sales during fiscal 2016 and $18.6 million in fiscal 2015.

	Six-Month Period Ended Nov. 29, 2015		Fiscal Year Ended May. 31, 2015		Estimated Future		Estimated Total		Estimated
In Millions	**Charge**	**Cash**	**Charge**	**Cash**	**Charge**	**Cash**	**Charge**	**Cash**	**Savings (b)**
Compass	**$ 53.6**	**$ 25.5**	$	$	$ 10	$ 36	$ 64	$ 61	
Total Century (a)	**111.2**	**13.1**	181.8	12.0	127	147	420	172	
Catalyst	**0.2**	**35.6**	148.4	45.0		37	149	118	
Combination of certain operational facilities		**1.0**	13.9	6.5	1	4	15	12	
Other			(0.6)	0.1					
Total restructuring charges	**165.0**	**75.2**	343.5	63.6	138	224	648	363	
Project-related costs	**29.3**	**27.2**	13.2	9.7	63	68	105	105	
Restructuring charges and project-related costs	**$ 194.3**	**$ 102.4**	$ 356.7	$ 73.3	$ 201	$ 292	$ 753	$ 468	$ 500

(a) Includes $43.6 million of restructuring charges recorded in cost of sales during fiscal 2016 and $59.6 million in fiscal 2015.

(b) Cumulative annual savings targeted by fiscal 2018. Includes savings from SG&A cost reduction projects.

For further information on these restructuring actions, please refer to Note 3 to the Consolidated Financial Statements in Part 1, Item 1 of this report.

Interest, net for the six-month period ended November 29, 2015, totaled $149 million, a $7 million decrease from the same period of fiscal 2015. The average interest rate decreased 27 basis points, including the effect of the mix of debt, generating a $12 million decrease in net interest. Average interest bearing instruments increased $271 million, generating a $5 million increase in net interest.

The **effective tax rate** for the six-month period ended November 29, 2015 was 35.4 percent compared to 31.8 percent for the six-month period ended November 23, 2014. The 3.6 percentage point increase was primarily related to significant non-deductible expenses related to the Green Giant divestiture in the second quarter of fiscal 2016.

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After-tax earnings from joint ventures for the six-month period ended November 29, 2015 decreased to $49 million compared to $53 million in the same period last fiscal year, primarily driven by unfavorable foreign currency, partially offset by favorable input costs for CPW and favorable product mix for HDJ. On a constant-currency basis, after-tax earnings from joint ventures increased 5 percent. The change in net sales for each joint venture is set forth in the following table:

	Six-Month Period Ended Nov. 29, 2015		
	Percentage Change in Joint Venture Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Joint Venture Net Sales on Constant-Currency Basis
CPW	(16)%	(15)pts	(1)%
HDJ	(15)	(13)	(2)
Joint Ventures	(16)%	(15)pts	(1)%

The components of our joint ventures net sales growth are shown in the following table:

Six-Month Period Ended Nov. 29, 2015 vs. Six-Month Period Ended Nov. 23, 2014	CPW	HDJ
Contributions from volume growth	Flat	(6)pts
Net price realization and mix	(1)pts	4pts
Foreign currency exchange	(15)pts	(13)pts
Net sales growth	(16)pts	(15)pts

Average diluted shares outstanding decreased by 10 million in the six-month period ended November 29, 2015 compared to the same period a year ago due to the impact of share repurchases including 3.7 million shares repurchased under an ASR agreement, partially offset by option exercises.

SEGMENT OPERATING RESULTS

Our businesses are organized into three operating segments: U.S. Retail; International; and Convenience Stores and Foodservice.

U.S. Retail Segment Results

Net sales for the U.S. Retail segment were $2,762 million for the quarter ended November 29, 2015, 4 percent lower than $2,862 million in the same period last year. Net sales for the segment were $5,293 million for the six-month period ended November 29, 2015, flat compared to $5,306 million in the same period last year. The components of U.S. Retail net sales growth are shown in the following table:

	Quarter Ended Nov. 29, 2015	Six-Month Period Ended Nov. 29, 2015
Contributions from volume growth (a)	(4)pts	(2)pts
Net price realization and mix	Flat	2pts

Net sales growth	(4)pts	Flat

(a) Measured in tons based on the stated weight of our product shipments.

The net impact of the Annie s acquisition and Green Giant divestiture decreased net sales growth by 1 percentage point in the second quarter of fiscal 2016 and added 1 percentage point of net sales growth in the six-month period ended November 29, 2015.

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U.S. Retail net sales percentage change by operating unit are shown in the following table:

	Quarter Ended Nov. 29, 2015	Six-Month Period Ended Nov. 29, 2015
Meals	(5)%	(1)%
Yogurt	(6)	(1)
Cereal	(5)	1
Snacks	(1)	1
Baking Products	(1)	(1)
Total	(4)%	Flat

Segment operating profit decreased 3 percent to $600 million in the second quarter of fiscal 2016 compared to $616 million in the same period last year. The decrease was primarily driven by lower volume and the net impact of the Annie s acquisition and Green Giant divestiture, partially offset by a decrease in media and advertising expense and cost savings from Project Catalyst and other cost management initiatives.

Segment operating profit increased 15 percent to $1,230 million in the six-month period ended November 29, 2015 compared to the same period of fiscal 2015. The increase was primarily driven by high levels of promotional expense in fiscal 2015, cost savings from Project Catalyst and other cost management initiatives, a decrease in media and advertising expense, and lower supply chain costs, partially offset by the net impact of the Annie s acquisition and Green Giant divestiture.

International Segment Results

Net sales for the International segment were $1,157 million for the quarter ended November 29, 2015, 12 percent lower than $1,321 million in the same period last year. Net sales for the segment were $2,356 million for the six-month period ended November 29, 2015, 12 percent lower than $2,672 million in the same period last year. The components of International net sales growth are shown in the following table:

	Quarter Ended Nov. 29, 2015	Six-Month Period Ended Nov. 29, 2015
Contributions from volume growth (a)	(2)pts	1pt
Net price realization and mix	5pts	3pts
Foreign currency exchange	(15)pts	(16)pts
Net sales growth	(12)pts	(12)pts

(a) Measured in tons based on the stated weight of our product shipments

The Green Giant divestiture did not have a material impact on net sales for the International segment in the second quarter of fiscal 2016 or the six-month period ended November 29, 2015.

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International segment net sales percentage change by region are shown in the following tables:

	Percentage Change in Net Sales as Reported Quarter Ended	Percentage Change in Net Sales on Constant-Currency Basis (a) Quarter Ended
	Nov. 29, 2015	Nov. 29, 2015
Europe	(13)%	(2)%
Canada	(13)	3
Asia/Pacific	(3)	2
Latin America	(21)	17
Total	(12)%	3%

(a) See the Non-GAAP Measures section below for our use of this measure.

	Percentage Change in Net Sales as Reported Six-Month Period Ended	Percentage Change in Net Sales on Constant-Currency Basis (a) Six-Month Period Ended
	Nov. 29, 2015	Nov. 29, 2015
Europe	(12)%	2%
Canada	(12)	4
Asia/Pacific	(1)	2
Latin America	(23)	9
Total	(12)%	4%

(a) See the Non-GAAP Measures section below for our use of this measure.

Segment operating profit increased 1 percent to $136 million in the second quarter of fiscal 2016 compared to $134 million in the same period of fiscal 2015, primarily driven by favorable net price realization and lower input costs, partially offset by unfavorable foreign currency exchange. International segment operating profit increased 19 percent on a constant-currency basis in the second quarter of fiscal 2016 compared to the second quarter of fiscal 2015 (see the Non-GAAP Measures section below for our use of this measure).

Segment operating profit decreased 10 percent to $253 million in the six-month period ended November 29, 2015 compared to $280 million in the same period of fiscal 2015, primarily driven by unfavorable foreign currency exchange and an increase in SG&A expenses, partially offset by favorable net price realization and lower input costs. International segment operating profit for the six-month period ended November 29, 2015 increased 8 percent on a constant-currency basis compared to the same period of fiscal 2015 (see the Non-GAAP Measures section below for our use of this measure not defined by GAAP).

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Convenience Stores and Foodservice Segment Results

Net sales for the Convenience Stores and Foodservice segment were $506 million for the quarter ended November 29, 2015, 4 percent lower than $530 million in the same period last year. Net sales for the segment were $984 million for the six-month period ended November 29, 2015, 2 percent lower than $1,002 million in the same period last year. The components of Convenience Stores and Foodservice net sales growth are shown in the following table:

	Quarter Ended Nov. 29, 2015	Six-Month Period Ended Nov. 29, 2015
Contributions from volume growth (a)	(3)pts	(1)pt
Net price realization and mix	(1)pt	(1)pt
Net sales growth	(4)pts	(2)pts

(a) Measured in tons based on the stated weight of our product shipments.

Segment operating profit increased 7 percent to $103 million in the second quarter of fiscal 2016 compared to $96 million in the same period of fiscal 2015, primarily driven by cost savings from Project Catalyst and other cost management initiatives.

Segment operating profit of $183 million for the six-month period ended November 29, 2015 was essentially flat compared to the same period last year.

UNALLOCATED CORPORATE ITEMS

Unallocated corporate expense totaled $72 million in the second quarter of fiscal 2016 compared to $73 million in the same period in fiscal 2015. In the second quarter of fiscal 2016, we recorded $22 million of restructuring charges and $16 million of restructuring initiative project-related costs compared to $19 million of restructuring charges and $1 million of restructuring initiative project-related costs in the same period last year. In addition, we recorded an $8 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the second quarter of fiscal 2016 compared to a $5 million net increase in expense in the same period last year. The decrease in unallocated corporate expense also includes cost savings from Project Catalyst and other cost management initiatives.

Unallocated corporate expense totaled $155 million in the six-month period ended November 29, 2015, compared to $192 million in the same period last year. In the six-month period ended November 29, 2015, we recorded $44 million of restructuring charges and $29 million of restructuring initiative project-related costs compared to $19 million of restructuring charges and $1 million of restructuring initiative project-related costs in the same period last year. In addition, we recorded a $10 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the six-month period ended November 29, 2015 compared to a $54 million net increase in expense in the same period a year ago. The decrease in unallocated corporate expense also reflects cost savings from Project Catalyst and other cost management initiatives.

Venezuela is a highly inflationary economy and as such, we remeasure the value of the assets and liabilities of our Venezuelan subsidiary based on the exchange rate at which we expect to remit dividends in U.S. dollars. In February 2014, the Venezuelan government established a new foreign exchange market mechanism (SICAD 2) and at that time indicated that it would be the market through which U.S. dollars would be obtained for the remittance of dividends. On February 12, 2015, the Venezuelan government replaced SICAD 2 with a new foreign exchange market mechanism (SIMADI). We have accessed some U.S. dollars through the SIMADI market. SIMADI has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. In the second quarter of each of fiscal 2016 and fiscal 2015, we recorded an immaterial impact in unallocated corporate items resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary. Our Venezuela operations represent less than 1 percent of our consolidated assets, liabilities, net sales, and segment operating profit. As of November 29, 2015, we had $0.8 million of non-U.S. dollar cash balances in Venezuela.

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LIQUIDITY

During the six-month period ended November 29, 2015, our operations generated $1,156 million of cash compared to $863 million in the same period last year. The $293 million increase is primarily due to a $471 million change in current assets and current liabilities, partially offset by a $147 million change in non-cash restructuring charges in the six-month period ended November 29, 2015 compared to the same period in fiscal 2015. The $471 million change in other current assets and liabilities is primarily driven by the timing of receivables, lower inventory balances, and changes in other current liabilities largely driven by an increase in income taxes payable. Net earnings for fiscal 2016 included a $199 million pre-tax gain for the sale of our Green Giant product lines.

Cash provided by investing activities during the six-month period ended November 29, 2015 was $523 million, compared to a cash use of $1,171 million in the same period in fiscal 2015. In the second quarter of fiscal 2016, we sold our Green Giant product lines for proceeds of $823 million. In the second quarter of fiscal 2015, we acquired Annie s for an aggregate purchase price of $809 million, net of $12 million of cash acquired. Investments of $294 million in land, buildings, and equipment in the first six months of fiscal 2016 were $24 million lower than the same period a year ago.

Cash used by financing activities during the six-month period ended November 29, 2015 was $1,342 million compared to cash provided by financing activities of $370 million in the same period last year. We had $294 million of net debt payments in the first six months of fiscal 2016 compared to $1,804 million of net debt issuance in the same period a year ago primarily reflecting the issuance of fixed-rate notes to fund the acquisition of Annie s. We paid $537 million in cash to repurchase common stock in the first six months of fiscal 2016 including 3.7 million shares with a fair value of $213 million purchased through an ASR agreement. Under the terms of the ASR agreement, we also paid an additional $12 million to the unrelated financial institution for shares which will be settled in the third quarter of fiscal 2016. We paid $969 million in cash to repurchase common stock in the first six months of fiscal 2015. We also paid $531 million of dividends in the first six months of fiscal 2016 compared to $503 million in the same period last year.

As of November 29, 2015, we had $617 million of cash and cash equivalents held in foreign jurisdictions which will be used to fund foreign operations and potential acquisitions. There is currently no need to repatriate these funds in order to meet domestic funding obligations or scheduled cash distributions. If we choose to repatriate historical earnings from foreign jurisdictions, we intend to do so only in a tax-neutral manner.

CAPITAL RESOURCES

Our capital structure was as follows:

In Millions	**Nov. 29, 2015**	**May 31, 2015**
Notes payable	**$ 306.7**	$ 615.8
Current portion of long-term debt	**1,100.2**	1,000.4
Long-term debt	**7,416.6**	7,575.3
Total debt	**8,823.5**	9,191.5
Redeemable interest	**817.4**	778.9
Noncontrolling interests	**368.2**	396.0
Stockholders equity	**4,797.0**	4,996.7
Total capital	**$ 14,806.1**	$ 15,363.1

To ensure availability of funds, we maintain bank credit lines sufficient to cover our outstanding notes payable. Commercial paper is a continuing source of short-term financing. We have commercial paper programs available to us in the United States and Europe. We also have committed, uncommitted, and asset-backed credit lines that support our foreign operations.

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The following table details the fee-paid committed and uncommitted credit lines we had available as of November 29, 2015:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
April 2017	$ 1.7	$
May 2019	1.0	
June 2019	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.4	0.2
Total committed and uncommitted credit facilities	$ 3.3	$ 0.3

The third-party holder of the General Mills Cereals, LLC (GMC) Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate, currently equal to the sum of three-month LIBOR plus 125 basis points, to the holder s capital account balance established in the most recent mark-to-market valuation (currently $252 million). The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

The holder of the Class A Interests may initiate a liquidation of GMC under certain circumstances, including, without limitation, the bankruptcy of GMC or its subsidiaries, GMC s failure to deliver the preferred distributions on the Class A Interests, GMC s failure to comply with portfolio requirements, breaches of certain covenants, lowering of our senior debt rating below either Baa3 by Moody s or BBB- by Standard & Poor s, and a failed attempt to remarket the Class A Interests. In the event of a liquidation of GMC, each member of GMC will receive the amount of its then current capital account balance. We may avoid liquidation by exercising our option to purchase the Class A Interests.

We may exercise our option to purchase the Class A Interests for consideration equal to the then current capital account value, plus any unpaid preferred return and the prescribed make-whole amount. If we purchase these interests, any change in the unrelated third-party investor s capital account from its original value will be charged directly to retained earnings and will increase or decrease the net earnings used to calculate EPS in that period.

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal International (Sodiaal) holds the remaining interests in each of these entities. We consolidate these entities into our consolidated financial statements. As of November 29, 2015 we recorded Sodiaal s 50 percent interests in Yoplait Marques SNC and Liberté Marques Sàrl as noncontrolling interests, and the fair value of its 49 percent interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. These euro- and Canadian dollar-denominated interests are reported in U.S. dollars on our Consolidated Balance Sheets. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value once per year through a maximum term expiring December 2020. As of November 29, 2015, the redemption value of the redeemable interest was $817 million, which approximates its fair value.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of November 29, 2015, we were in compliance with all of these covenants.

We have $1,100 million of long-term debt maturing in the next 12 months that is classified as current, including $750 million of floating rate notes due in January 2016, $250 million of 0.875 percent fixed-rate notes due in January 2016, and $100 million of 6.44 percent fixed-rate notes due October 2016. We believe that cash flows from operations, together with available short- and long-term debt financing, will be adequate to meet our liquidity and capital needs for at least the next 12 months.

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OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of our business in our contractual obligations or off-balance sheet arrangements during the second quarter of fiscal 2016.

SIGNIFICANT ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015. The accounting policies used in preparing our interim fiscal 2016 Consolidated Financial Statements are the same as those described in our Form 10-K.

Our significant accounting estimates are those that have meaningful impact on the reporting of our financial condition and results of operations. These estimates include our accounting for promotional expenditures, valuation of long-lived assets, intangible assets, redeemable interest, stock-based compensation, income taxes, and defined benefit pension, other postretirement benefit, and postemployment benefit plans. The assumptions and methodologies used in the determination of those estimates as of November 29, 2015 are the same as those described in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015, with the below exception.

During the second quarter of fiscal 2016, we changed the date of our annual impairment assessment from the first day of our fiscal third quarter to the first day of our fiscal second quarter to more closely align with the timing of our annual long-range planning process. We determined that the change in our annual impairment assessment date was not material to our annual impairment assessment or our financial statements.

We tested our goodwill and brand intangible assets for impairment on our annual assessment date in the second quarter of fiscal 2016. As of our annual impairment assessment date, there was no impairment of any of our intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Mountain High* and *Uncle Toby s* brands. The excess fair value above the carrying value of these brand assets is as follows:

In Millions	Carrying Value	Excess Fair Value Above Carrying Value
Mountain High	$ 35.4	20%
Uncle Toby s	$ 52.2	11%

We will continue to monitor these businesses for potential impairment.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2015, the Financial Accounting Standards Board (FASB) issued new accounting requirements for the presentation of deferred tax assets and liabilities, requiring noncurrent classification for all deferred tax assets and liabilities on the statement of financial position. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, which for us is the first quarter of fiscal 2017. We do not expect this guidance to have a material impact on our results of operations or financial position.

In August 2015, FASB issued new accounting requirements for the recognition of revenue from contracts with customers. The requirements of the new standard, as amended, are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods, which for us is the first quarter of fiscal 2019. We do not expect this guidance to have a material impact on our results of operations or financial position.

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In August 2015, FASB issued new accounting requirements for the presentation of certain investments using the net asset value, providing a method to exclude such investments from categorization within the fair value hierarchy and separate disclosure. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2015, and interim periods within those annual periods, which for us is the first quarter of fiscal 2017. We do not expect this guidance to have a material impact on our results of operations or financial position.

In August 2015, FASB issued new accounting requirements that permits reporting entities with a fiscal year-end that does not coincide with a month-end to measure defined benefit plan assets and obligations using the month-end that is closest to the entity s fiscal year-end. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2015, and interim periods within those annual periods, which for us is the first quarter of fiscal 2017. We do not expect this guidance to have a material impact on our results of operations or financial position.

In June 2014, FASB issued new accounting requirements for share-based payment awards issued based upon specific performance targets. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2015, and interim periods within those annual periods, which for us is the first quarter of fiscal 2017. We do not expect this guidance to have a material impact on our results of operations or financial position.

NON-GAAP MEASURES

We have included in this report measures of financial performance that are not defined by GAAP. We believe that these measures provide useful information to investors and include these measures in other communications to investors.

For each of these non-GAAP financial measures, we are providing below a reconciliation of the differences between the non-GAAP measure and the most directly comparable GAAP measure, an explanation of why our management or the Board of Directors believes the non-GAAP measure provides useful information to investors and any additional purposes for which our management or Board of Directors uses the non-GAAP measure. These non-GAAP measures should be viewed in addition to, and not in lieu of, the comparable GAAP measure.

Constant-Currency Net Sales Growth

This measure is used in reporting to our executive management and as a component of the Board of Directors measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it provides transparency to underlying performance in our consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on the year-to-year comparability given volatility in foreign currency exchange markets.

Net sales growth rates on a constant-currency basis are calculated as follows:

	Percentage Change in Total Net Sales as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in Total Net Sales on Constant-Currency Basis**
Quarter Ended Nov. 29, 2015	(6)%	(4)pts	(2)%
Six-Month Period Ended Nov. 29, 2015	(4)%	(5)pts	1%

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Total Segment Operating Profit and Related Constant-Currency Growth Rate

This measure is used in reporting to our executive management and as a component of the Board of Directors measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate segment performance. A reconciliation of this measure to operating profit, the relevant GAAP measure, is included in Note 15 to the Consolidated Financial Statements in Part I, Item 1 of this report.

Constant-currency total segment operating profit growth is calculated as follows:

	Percentage Change in Total Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Total Segment Operating Profit on a Constant-Currency Basis
Quarter Ended Nov. 29, 2015	(1)%	(3)pts	2%
Six-Month Period Ended Nov. 29, 2015	8%	(4)pts	12%

Diluted EPS Excluding Certain Items Affecting Comparability and Related Constant-Currency Growth Rate

This measure is used in reporting to our executive management and as a component of the Board of Directors measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate earnings performance on a comparable year-over-year basis. The adjustments are either items resulting from infrequently occurring events or items that, in management s judgment, significantly affect the year-over-year assessment of operating results.

The reconciliation of our GAAP measure, diluted EPS, to diluted EPS excluding certain items affecting comparability and the related constant-currency growth rate follows:

	Quarter Ended			Six-Month Period Ended		
Per Share Data	**Nov. 29, 2015**	**Nov. 23, 2014**	**Change**	**Nov. 29, 2015**	**Nov. 23, 2014**	**Change**
Diluted earnings per share, as reported	**$ 0.87**	$ 0.56	55%	**$ 1.56**	$ 1.11	40%
Mark-to-market effects (a)	**(0.01)**			**(0.01)**	0.05	
Divestiture (gain) (b)	**(0.14)**			**(0.14)**		
Restructuring costs (c)	**0.08**	0.24		**0.17**	0.25	
Project-related costs (c)	**0.02**			**0.03**		
Diluted earnings per share, excluding certain items affecting comparability	**$ 0.82**	$ 0.80	2%	**$ 1.61**	$ 1.41	14%
Foreign currency exchange impact			(3)%			(4)%
Diluted earnings per share growth, excluding certain items affecting comparability, on a constant-currency basis			5%			18%

(a) See Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(b) See Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(c) See Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report.

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Constant-Currency After-tax Earnings from Joint Ventures Growth Rates

We believe that this measure provides useful information to investors because it provides transparency to underlying performance of our joint ventures by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

After-tax earnings from joint ventures growth rates on a constant-currency basis are calculated as follows:

	Percentage Change in After-taxEarnings from Joint Ventures as Reported	Impact of Foreign Currency Exchange	Percentage Change in After-taxEarnings from Joint Ventures on Constant-Currency Basis
Quarter Ended Nov. 29, 2015	(15)%	(9)pts	(6)%
Six-Month Period Ended Nov. 29, 2015	(8)%	(13)pts	5%

Net Sales Growth Rates for Our International Segment on Constant-Currency Basis

We believe that this measure of our International segment and region net sales provides useful information to investors because it provides transparency to the underlying performance in markets outside the United States by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

Net sales growth rates for our International segment on a constant-currency basis are calculated as follows:

	Quarter Ended Nov. 29, 2015		
	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on 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%

	Six-Month Period Ended Nov. 29, 2015		
	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on 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%

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Constant-Currency International Segment Operating Profit Growth Rates

We believe that this measure provides useful information to investors because it provides transparency to underlying performance of the International segment by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

International segment operating profit growth rates on a constant-currency basis are calculated as follows:

	Percentage Change in International Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in International Segment Operating Profit on Constant-Currency Basis
Quarter Ended Nov. 29, 2015	1%	(18)pts	19%
Six-Month Period Ended Nov. 29, 2015	(10)%	(18)pts	8%

GLOSSARY

Accelerated depreciation associated with restructured assets. The increase in depreciation expense caused by updating the salvage value and shortening the useful life of depreciable fixed assets to coincide with the end of production under an approved restructuring plan, but only if impairment is not present.

AOCI. Accumulated other comprehensive income (loss).

Constant currency. Financial results translated to U.S. dollars using constant foreign currency exchange rates based on the rates in effect for the comparable prior-year period. 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.

Derivatives. Financial instruments such as futures, swaps, options, and forward contracts that we use to manage our risk arising from changes in commodity prices, interest rates, foreign exchange rates, and stock prices.

Euribor. Euro Interbank Offered Rate.

Fair value hierarchy. For purposes of fair value measurement, we categorize assets and liabilities into one of three levels based on the assumptions (inputs) used in valuing the asset or liability. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management s assumptions about the inputs used in pricing the asset or liability.

Generally Accepted Accounting Principles (GAAP). Guidelines, procedures, and practices that we are required to use in recording and reporting accounting information in our financial statements.

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Goodwill. The difference between the purchase price of acquired companies plus the fair value of any noncontrolling and redeemable interests and the related fair values of net assets acquired.

Hedge accounting. Accounting for qualifying hedges that allows changes in a hedging instrument s fair value to offset corresponding changes in the hedged item in the same reporting period. Hedge accounting is permitted for certain hedging instruments and hedged items only if the hedging relationship is highly effective, and only prospectively from the date a hedging relationship is formally documented.

Interest bearing instruments. Notes payable, long-term debt, including current portion, cash and cash equivalents, and certain interest bearing investments classified within prepaid expenses and other current assets and other assets.

LIBOR. London Interbank Offered Rate.

Mark-to-market. The act of determining a value for financial instruments, commodity contracts, and related assets or liabilities based on the current market price for that item.

Net mark-to-market valuation of certain commodity positions. Realized and unrealized gains and losses on derivative contracts that will be allocated to segment operating profit when the exposure we are hedging affects earnings.

Net price realization. The impact of list and promoted price changes, net of trade and other price promotion costs.

Noncontrolling interests. Interests of subsidiaries held by third parties.

Notional principal amount. The principal amount on which fixed-rate or floating-rate interest payments are calculated.

OCI. Other Comprehensive Income.

Project-related costs. Costs incurred related to our restructuring initiatives not included in restructuring charges.

Redeemable interest. Interest of subsidiaries held by a third party that can be redeemed outside of our control and therefore cannot be classified as a noncontrolling interest in equity.

Total debt. Notes payable and long-term debt, including current portion.

Translation adjustments. The impact of the conversion of our foreign affiliates financial statements to U.S. dollars for the purpose of consolidating our financial statements.

CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report contains or incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on our current expectations and assumptions. We also may make written or oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and in our reports to stockholders.

The words or phrases will likely result, are expected to, will continue, is anticipated, estimate, plan, project, or similar expressions ide forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those currently anticipated or projected. We wish to caution you not to place undue reliance on any such forward-looking statements.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important factors that could affect our financial performance and could cause our actual results in future periods to differ materially from any current opinions or statements.

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Our future results could be affected by a variety of factors, such as: 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 saving 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.

You should also consider the risk factors that we identify in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended May 31, 2015, which could also affect our future results.

We undertake no obligation to publicly revise any forward-looking statements to reflect events or circumstances after the date of those statements or to reflect the occurrence of anticipated or unanticipated events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The estimated maximum potential value-at-risk arising from a one-day loss in fair value for our interest rate and commodity market-risk-sensitive instruments outstanding as of November 29, 2015 was $29 million and $4 million, respectively. During the six-month period ended November 29, 2015, the interest rate value-at-risk increased by $4 million while the commodity value-at-risk was flat compared to this measure as of May 31, 2015. The value-at-risk for interest rate instruments increased due to higher volatility, while value-at-risk for commodity positions was flat due to higher volatility offsetting decreased notional amounts of commodity transactions. For additional information, see Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended May 31, 2015.

Item 4. Controls and Procedures.

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of November 29, 2015, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the quarter ended November 29, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth information with respect to shares of our common stock that we purchased during the quarter ended November 29, 2015:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (b)	Maximum Number of Shares that may yet be Purchased Under the Program (b)
August 31, 2015-October 4, 2015	2,251,669	$ 56.10	2,251,669	81,525,837
October 5, 2015-November 1, 2015	2,468	55.99	2,468	81,523,369
November 2, 2015-November 29, 2015	4,550,286	56.85	4,550,286	76,973,083
Total	6,804,423	$ 56.60	6,804,423	76,973,083

(a) The total number of shares purchased includes: (i) 3.7 million shares of common stock purchased under the terms of an accelerated share repurchase agreement (see Note 12 to the Consolidated Financial Statements in Part I, Item 1 of this report); (ii) shares purchased on the open market; and (iii) shares withheld for the payment of withholding taxes upon the distribution of deferred option units.

(b) On May 6, 2014, our Board of Directors approved an authorization for the repurchase of up to 100,000,000 shares of our common stock. Purchases can be made in the open market or in privately negotiated transactions, including the use of call options and other derivative instruments, Rule 10b5-1 trading plans, and accelerated repurchase programs. The Board did not specify an expiration date for the authorization.

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Item 6. Exhibits.

12.1 Computation of Ratio of Earnings to Fixed Charges.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended November 29, 2015, formatted in Extensible Business Reporting Language: (i) Consolidated Statements of Earnings; (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Total Equity and Redeemable Interest; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL MILLS, INC.
(Registrant)

Date December 17, 2015

/s/ Jerald A. Young
Jerald A. Young
Vice President, Controller
(Principal Accounting Officer and Duly Authorized Officer)

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Exhibit Index

Exhibit No.	Description
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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