General Mills

2015 ANNUAL REPORT

Making Food People Love

U.S. Retail

Convenience Stores
and Foodservice

International

Fiscal 2015 Financial Summary

In millions, except per share and return on capital data	53 Weeks Ended May 31, 2015	52 Weeks Ended May 25, 2014	Change	Change on a Constant Currency Basis*
Net Sales	$17,630	$17,910	– 2%	+1%
Segment Operating Profit*	$ 3,035	$ 3,154	– 4%	–2%
Net Earnings Attributable to General Mills	$ 1,221	$ 1,824	– 33%	
Diluted Earnings per Share (EPS)	$ 1.97	$ 2.83	– 30%	
Adjusted Diluted EPS, Excluding Certain Items Affecting Comparability*	$ 2.86	$ 2.82	+ 1%	+4%
Return on Average Total Capital*	11.2%	11.6%	–40 basis points	–20 basis points
Average Diluted Shares Outstanding	619	646	– 4%	
Dividends per Share	$ 1.67	$ 1.55	+ 8%	

Net Sales
(dollars in millions)

Year	Net Sales
2011	14,880
2012	16,658
2013	17,774
2014	17,910
2015	17,630

Segment Operating Profit*
(dollars in millions)

Year	Segment Operating Profit
2011	2,946
2012	3,012
2013	3,223
2014	3,154
2015	3,035

Adjusted Diluted Earnings per Share*
(dollars)

Year	Adjusted Diluted EPS
2011	2.48
2012	2.56
2013	2.72
2014	2.82
2015	2.86

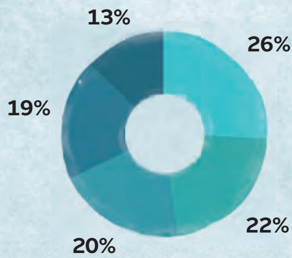
*See page 31 for discussion of non-GAAP measures.

Joint Ventures

Making Food People Love

At General Mills, we serve the world by making food people love. We're putting the consumer first, understanding their food preferences, how they shop and how they cook today, and responding quickly to those desires. By focusing on consumer needs, we expect to drive market-leading growth for General Mills and deliver superior returns to our shareholders.

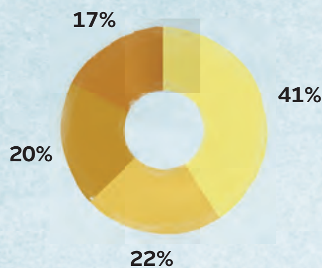
General Mills at a Glance



U.S. Retail
Net Sales
by Operating Unit

$10.5 Billion

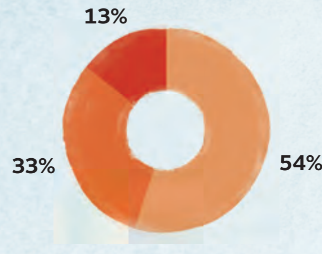
26% Meals
22% Cereal
20% Snacks
19% Baking Products
13% Yogurt and Other



International
Net Sales by Region

$5.1 Billion

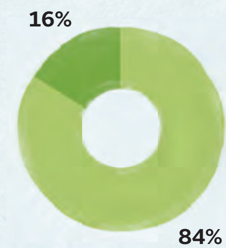
41% Europe
22% Canada
20% Asia/Pacific
17% Latin America



Convenience Stores and Foodservice
Net Sales by Brand Type

$2.0 Billion

54% Branded to Foodservice Operators
33% Branded to Consumers
13% Unbranded



Joint Ventures
Net Sales by Joint Venture
(not consolidated, proportionate share)

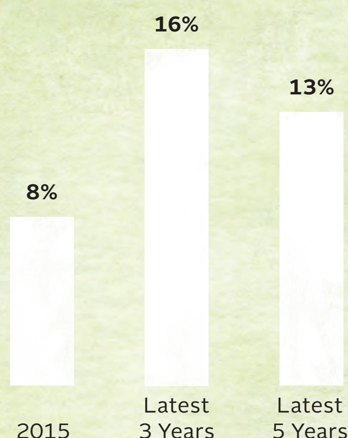
$1.1 Billion

84% Cereal Partners Worldwide (CPW)
16% Häagen-Dazs Japan (HDJ)

To Our Shareholders:

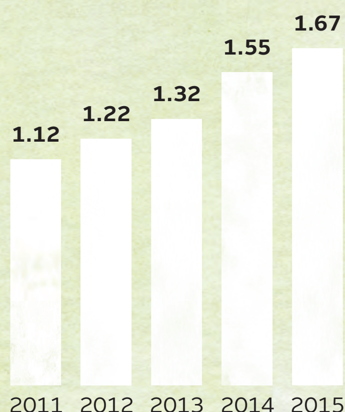
Ken Powell
Chairman and
Chief Executive Officer

General Mills
Total Shareholder Return
(fiscal years, stock price appreciation plus reinvested dividends, compound annual growth)



Source: Bloomberg

Dividends per Share
(dollars)



General Mills 2015 operating performance was mixed. Where we had product news and marketing messages that were on-trend with consumers' evolving food preferences, our businesses grew. But we didn't have enough of these initiatives to lift our sales in the aggregate, and our profit growth was less than originally targeted. Strategic actions that we've taken during the year will position us for stronger performance in 2016.

General Mills net sales for the fiscal year ended May 31, 2015, declined 2 percent to $17.6 billion, as unfavorable foreign exchange offset the benefits of a 53rd week in the fiscal year and six months of incremental contribution from the Annie's, Inc. (*Annie's*) organic foods business we acquired in October 2014. Excluding the impact of foreign exchange, our net sales increased 1 percent in fiscal 2015.* Total segment operating profit declined 4 percent to $3.0 billion. On a constant-currency basis, total segment operating profit declined 2 percent.

Diluted earnings per share totaled $1.97 in 2015, below the prior year primarily due to restructuring costs, an impairment charge and a one-time tax expense. Adjusted diluted earnings per share, which excludes these and certain other items affecting comparability of results, rose 1 percent to $2.86. Excluding the impact of foreign exchange, adjusted diluted earnings per share increased 4 percent.

*See page 31 for a reconciliation of this and other non-GAAP measures used in this letter.

Net sales for U.S. Retail, our largest business segment, declined 1 percent to $10.5 billion. Our brands achieved share gains in categories representing 65 percent of our retail sales in Nielsen-measured channels, but overall sales trends in many categories were weak, reflecting the impact of changing consumer food preferences.

Consumers are increasingly interested in natural foods with simple ingredients and are limiting things like gluten, simple carbohydrates and artificial ingredients. They also are looking for more protein, fiber, whole grains and organic products. And they are snacking more than ever. In categories where we applied a "consumer first" approach and responded to these changes, we posted good growth. For example, retail sales for our grain snacks grew 4 percent, and we gained nearly two points of market share on the strength of our *Nature Valley* and *Fiber One* brands. *Yoplait* yogurt generated solid sales and share gains, led by strong performance on our Greek varieties, and we saw a resurgence of interest in *Yoplait* Original yogurt as we emphasized its all-family snack appeal.

Our Convenience Stores and Foodservice segment had outstanding results in fiscal 2015. Net sales reached the $2 billion mark, a 4 percent increase over last year. And segment operating profit grew 15 percent to a record $353 million. We remain focused on six key product platforms in foodservice channels:

Growing Our Core with Yoplait

By putting the consumer first, we generated 7 percent retail sales growth and gained nearly a point of market share for our U.S. Retail yogurt business in fiscal 2015. Consumers like the health benefits of yogurt, and Greek varieties remain the largest segment of the $8 billion U.S. yogurt category. We've been promoting the great taste of our *Yoplait* Greek varieties, and launched *Yoplait* Greek 100 *Whips!* for consumers who prefer a lighter yogurt texture with just 100 calories per serving. We also renewed growth on *Yoplait* Original yogurt by advertising its all-family appeal as a great-tasting, good-for-you snack. We recently reduced sugar across this line by 25 percent. And retail sales for our kid-oriented yogurts returned to growth, driven by the removal of artificial colors and flavors. We have more consumer-first innovation coming in 2016, including *Yoplait Plenti*, a combination of grains and seeds mixed into delicious *Yoplait* Greek yogurt, for consumers looking for a heartier yogurt experience.

Product renovation and new items that met changing consumer interests generated good growth in fiscal 2015.

Our Five Global Categories Are Large and Growing

Category	2014 Retail Sales in Billions	Projected Growth*
Ready-to-eat Cereal	$ 28	4%
Ice Cream	$ 71	7%
Yogurt	$ 83	8%
Convenient Meals	$118	5%
Sweet and Savory Snacks	$287	6%

*Projected 5-year compound rate
Source: Euromonitor, calendar 2014

cereal, snacks, yogurt, mixes, biscuits and frozen breakfast. These priority businesses, which account for more than 70 percent of the segment's operating profit, posted combined net sales growth of 9 percent for the year.

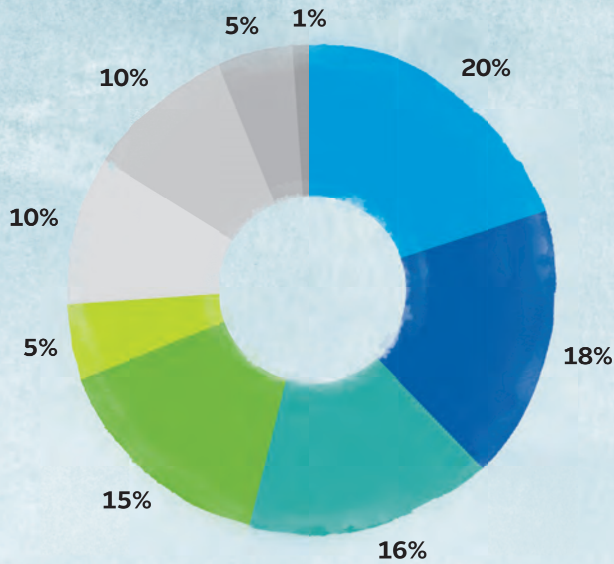
Net sales for our International segment declined 5 percent to $5.1 billion, and segment operating profit declined 2 percent, reflecting negative foreign currency translation effects. On a constant-currency basis, International net sales grew 6 percent and segment operating profit rose 9 percent. This included constant-currency net sales gains of 17 percent in Latin America, 5 percent in the Asia/Pacific region and 5 percent in the Europe region.

In addition to these three operating segments, we hold 50-percent non-consolidated interests in two joint ventures outside of North America. Together, Cereal Partners Worldwide (CPW) and Häagen-Dazs Japan (HDJ) contributed $84 million in after-tax earnings in fiscal 2015. This was 6 percent below last year's results, reflecting unfavorable foreign currency exchange. On a constant-currency basis, after-tax earnings from joint ventures matched year-ago levels.

In fiscal 2015, we returned $2.2 billion to shareholders through share repurchases and dividends. We repurchased approximately 22 million shares of common stock, reducing our average number of shares outstanding by 4 percent. We also increased our annual dividend by 8 percent, including raising our quarterly dividend rate effective with our May 2015 payment. The new annualized rate of $1.76 represents a yield of roughly 3 percent at recent prices for General Mills stock. General Mills and its predecessor firm have paid shareholder dividends without interruption or reduction for 116 years, and our plans call for increasing our dividend as our earnings grow.

Our total shareholder return, which is a combination of stock price appreciation and dividends, totaled 8 percent in fiscal 2015. This lagged the broader market, as the S&P 500 Index generated 13 percent return for the year. Over the past five, 10, 15 and even 20 years, General Mills has consistently delivered double-digit returns to shareholders. We outperformed the broader market during all of those time periods except during the most recent five fiscal years, when the S&P 500 Index posted a strong 17 percent annual compound return to shareholders.

Our Business Portfolio is a Strategic Advantage



Fiscal 2015
Net Sales by Platform

*$18.7 Billion**

20%	Cereal
18%	Snacks
16%	Yogurt
15%	Convenient Meals
5%	Super-premium Ice Cream
10%	Dough
10%	Baking Mixes and Ingredients
5%	Vegetables
1%	Other

*Non-GAAP measure. Includes $17.6 billion consolidated net sales plus $0.9 billion proportionate share of CPW (cereal) net sales plus $0.2 billion proportionate share of HDJ (ice cream) net sales.

General Mills Long-term Growth Model

Growth Factor	Compound Growth Rate
Net Sales	Low single-digit
Segment Operating Profit	Mid single-digit
Adjusted Diluted Earnings per Share	High single-digit
Dividend Yield	2 to 3 percent
Total Return to Shareholders	**Double-digit**

We remain committed to our long-term growth model and believe that our businesses can generate low single-digit net sales growth, mid single-digit segment operating profit growth and high single-digit growth in adjusted diluted earnings per share. When you add in a dividend yield of between 2 and 3 percent, we should deliver double-digit returns to shareholders over the long term.

Our Priorities for Fiscal 2016

Our focus is on five global growth categories — cereal, ice cream, yogurt, convenient meals and sweet and savory snacks. According to Euromonitor, sales in these categories are projected to grow at attractive rates because they are on-trend with the consumer food trends described earlier. More than 70 percent of our worldwide sales are concentrated in these five platforms, so we see strong opportunities to grow our brands in these categories.

As we enter fiscal 2016, we are dedicated to accelerating sales growth, which will reflect one less week in the fiscal year. We'll drive growth by responding to changing consumer demands and reshaping our product portfolio and our organization. This will generate funds we can reinvest in our business. We have three key priorities described below.

Drive More from the Core

Our product portfolio is built on a core of well-known, iconic brands that have stood the test of time. We continue to renovate these brands to keep them relevant to today's consumer and innovate to introduce

Expanding Our Natural and Organic Food Portfolio

U.S. industry sales for natural and organic foods have been growing at a double-digit pace over the past three years. And sales are projected to continue to grow at a double-digit rate. We've been building our capabilities for sourcing, manufacturing and marketing natural and organic brands for the past 15 years. With the acquisition of Annie's, Inc. in October 2014, we're now the fourth-largest natural and organic food manufacturer in the U.S. We have strong levels of innovation coming in 2016 across our brands, including new *Cascadian Farm* cereals, *Annie's* soups and *Food Should Taste Good* snack bars. We see great opportunities to grow our brands by innovating, and by increasing their distribution in natural and organic stores and in traditional grocery outlets.

new products that meet changing consumer needs. For example, nearly 30 percent of U.S. consumers have purchased gluten-free products as recently as our fourth fiscal quarter, so we've increased our gluten-free cereal offerings to include varieties of granola and hot oatmeal. And starting this summer, five varieties of *Cheerios* will be gluten free. For consumers desiring more simple ingredients, we are removing artificial flavors and colors from artificial sources from all of our Big G cereals by December 2017.

In our Convenience Stores and Foodservice business, we continue to innovate on our *Pillsbury* line of frozen breakfast items served in K-12 schools. This line of pancakes, waffles, French toast and bagels can be heated right in the package—quick and easy preparation for foodservice operators—and kids love the great taste of these portable breakfast treats. We're now expanding this concept to school lunchrooms with a heat-and-serve line of *Old El Paso* gorditas.

Around the world, consumer preferences are changing, too. Our International business has been innovating on our global brands, launching *Häagen-Dazs* super-premium ice cream stick bars in France, new vegetable-packed varieties of *Wanchai Ferry* dumplings in China, and a line of *Nature Valley* popcorn bars in the UK.

These are just a few examples of the initiatives we have underway to grow our core brands. We have more exciting product news coming across all of our business segments throughout fiscal 2016 that we believe will generate sales and profit growth.

Reshape Our Portfolio for Growth

We've been reshaping our business through acquisitions, divestitures and expansion of our existing brands into new geographies. In the U.S., we've been growing our natural and organic portfolio over the past 15 years. It started with the 2000 acquisition of Small Planet Foods, which included *Cascadian Farm* and *Muir Glen* brands. Since then, we've added to our portfolio with *Lärabar* nutrition bars, *Immaculate* baking products, *Food Should Taste Good* snacks, and *Mountain High* and *Liberté* yogurt. With the addition of a full year of results for *Annie's*, our natural and organic sales total nearly $700 million, and we expect this portfolio to exceed $1 billion in annual sales by 2020.

Over the past decade, we've taken actions to focus our Convenience Stores and Foodservice portfolio. The result is a portfolio that leverages our well-known consumer brands—more than 85 percent of our sales come from products that are branded to foodservice operators or the final consumer. And

we've significantly improved our segment operating profit margin from 8.6 percent in fiscal 2008 to 17.7 percent today.

We've also been growing our International businesses by expanding our presence in emerging markets and through strategic acquisitions, such as Yoki in Brazil. This summer, we brought an existing brand into a new market with the introduction of *Yoplait* yogurt in China. The *Yoplait* brand originated in France 50 years ago and today is available in more than 50 markets worldwide. We're now competing in the $10 billion yogurt category in China with three yogurt offerings: a thick and creamy French-style yogurt, a fruit-on-the-bottom variety and a drinkable yogurt containing fresh fruit. We are excited about the growth prospects we see for *Yoplait* and the strong contributions it can make to our $725 million business in China.

Fund Our Future

We believe our business requires a balanced approach to drive growth — balanced between protecting our margins, investing in our business for future growth and providing solid returns to our shareholders over the long term. While our primary focus is on driving topline growth, we also look for opportunities to increase productivity and reduce expenses. Through Holistic Margin Management (HMM), we've been able to remove non-value adding costs across the company. Since 2010, we've generated a cumulative $2.4 billion in savings in our cost of sales.

During fiscal 2015, we took additional significant actions to streamline our organization and improve our operating efficiency. Through Project Century, we are simplifying our North American supply chain, better balancing manufacturing and distribution, and adding flexibility to adjust for future growth.

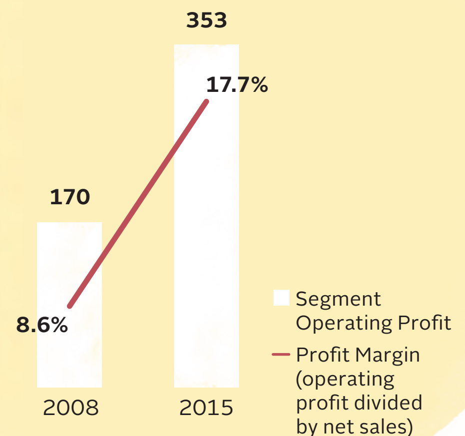
Project Catalyst is focused on increasing our organizational effectiveness across our U.S. businesses. We've created a new structure that allows us to be faster and more agile, so we can quickly adjust to a changing marketplace. We're also making changes to our policies and practices that reduce overhead expense. And most recently, we announced Project Compass, which is our initiative to increase organizational effectiveness within our International business segment.

Reshaping Our Convenience Stores and Foodservice Portfolio

U.S. consumers spend more than $650 billion annually for food eaten away from home, and our Convenience Stores and Foodservice team has been reshaping its portfolio to drive growth in this industry. We've been focusing on our highest-margin businesses and divesting lower-margin performers. The result has been double-digit segment operating profit growth compounded over the past seven years, and a 900-basis-point increase in profit margin. We're also emphasizing our six focus platforms — cereal, snacks, yogurt, mixes, biscuits and frozen breakfast — whose combined sales have been compounding at a 5 percent rate in recent years. We compete in large and growing channels in the foodservice industry, including K-12 schools, colleges and universities, and convenience stores. We're now expanding our presence in the fresh bakery section of convenience stores with our *Pillsbury* line of grab-and-go baked goods.

Convenience Stores and Foodservice Segment Operating Profit

(fiscal years, dollars in millions)



Growing Our International Core with Old El Paso

Despite slow economic growth and a challenging marketplace, General Mills posted 5 percent constant-currency net sales growth in fiscal 2015 in our Europe region, which also includes Australia and New Zealand. This performance was led by *Old El Paso* Mexican foods. *Old El Paso* is a global brand—it's available in 60 markets worldwide. The convenience of these Mexican dinner kits, combined with innovative new products, is a great fit for consumers everywhere who like to experiment with foods with ethnic flavors. In our Europe region, net sales for *Old El Paso* grew by double digits on the strength of our *Stand 'n Stuff* tortillas, supported by strong levels of advertising. In 2016, we'll introduce an *Old El Paso Restaurante* line in European markets. These kits contain high-quality ingredients and zesty flavor combinations for a restaurant-quality meal at home.

International Performance by Geographic Region

(fiscal 2015, dollars in millions)

	Net Sales	% Change on a Constant Currency Basis*
Europe	$2,126	5%
Canada	$1,105	Flat
Asia/Pacific	$1,024	5%
Latin America	$ 873	17%
Total International	**$5,128**	**6%**

*See page 31 for discussion of non-GAAP measures.

We delivered $75 million in cost savings from these actions in fiscal 2015 and expect this to grow to between $285 million and $310 million in fiscal 2016 from all our initiatives combined. A portion of these savings is being reinvested into the business through activities like consumer-focused promotions and product development and renovation—actions that drive future sales growth.

Our People Drive Our Success

The skill and talent of our 42,000 employees around the world gives me confidence we will achieve our performance goals. Their hard work and dedication is truly a competitive advantage for us. Several members of our leadership team have announced their retirement in the past fiscal year. Marc Belton, Mike Davis, Luis Merizalde, Rick Palmore and Kris Wenker all made significant contributions to General Mills, and I want to thank them for their dedication to our company during their careers here. In addition, I'd like to thank Ray Gilmartin, Judy Hope and Hilda Ochoa-Brillembourg, who are retiring from our board of directors in September. They have provided invaluable counsel during their many years of service on our board.

In closing, I want to thank you for your investment in General Mills. We are keenly focused on driving value for you, our shareholders. We appreciate your confidence in our strategies and our company. And we look forward to reporting on continued strong performance in the future as we make food people love.

KJ Powell

Kendall J. Powell
Chairman and Chief Executive Officer
August 1, 2015

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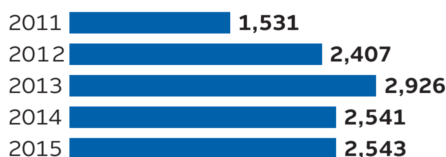
Total Return to Stockholders 85

Adjusted Gross Margin*
(percent of net sales)

*See page 31 for discussion of non-GAAP measures.

Cash Flow from Operations
(dollars in millions)



Core Working Capital
(dollars in millions)

INCREASING OUR EFFICIENCY

For the past several years, we have been increasing our productivity and efficiency to offset input cost inflation and fuel our consumer-first initiatives. Input cost inflation has been averaging 4 to 5 percent over the past five years, and we expect costs to remain inflationary for the foreseeable future. Holistic Margin Management (HMM) is our company-wide initiative to use productivity savings, mix management and price realization to offset input cost inflation, protect margins and generate funds to reinvest in sales-generating activities. Thanks to HMM actions that helped drive savings in our cost of sales, we've been able to hold our gross margin relatively steady for the past eight years. This period was marked by significant volatility of input costs from year to year and a change in our product mix as we acquired new businesses.

To ensure we remain competitive in the marketplace, we took additional actions in fiscal 2015 to increase our efficiency. Project Century is our effort to streamline our North American supply chain. Project Catalyst is focused on increasing our organizational effectiveness across our U.S. businesses. And in June, we launched Project Compass to increase organizational effectiveness within our International business segment. We also are making changes to policies and practices that reduce overhead expense across the company.

Combined, these initiatives generated $75 million in cost savings in fiscal 2015, and we expect to achieve $285 million to $310 million in cost savings in fiscal 2016.

GENERATING CASH

Our businesses have a long history of strong cash generation. Over the past five years, we produced a cumulative $11.9 billion of operating cash flow.

Our discipline on core working capital, which is accounts receivable plus inventories less accounts payable, has contributed to our operating cash flow. Over the past several years, we've been able to reduce our core working capital primarily through improvements in managing our accounts payable. Since 2011, our core working capital has declined by nearly 30 percent, while our net sales have grown by nearly 20 percent during that time period. In fiscal 2015, we reduced our core working capital by 13 percent.

Fixed Asset Investment
(percent of net sales)

Dividends Paid
(dollars in millions)

Average Diluted Shares Outstanding
(shares in millions)

Return on Average Total Capital*
(percent)

*See page 31 for discussion of non-GAAP measures.

USES OF CASH

Our first priority for this cash is investment in growth opportunities and cost-saving projects we've identified across our businesses. On average, our annual fixed asset investment represents 4 percent of net sales. In fiscal 2015, fixed asset investments totaled $712 million, in line with our 4 percent of net sales average. In fiscal 2016, we expect to invest approximately $840 million in capital expenditures, including initiatives related to Project Century and projects to increase our production capacity on growing businesses.

After capital investment, we prioritize cash returns to shareholders through dividends and share repurchases. Cash dividends to shareholders totaled more than $1 billion in fiscal 2015. Since fiscal 2011, our dividends per share have grown at an 11 percent compound rate. In March 2015, our board of directors approved a 7 percent increase in the quarterly dividend rate effective with the May 2015 payment. The current annualized rate of $1.76 represents a yield of roughly 3 percent at recent market prices for General Mills stock. General Mills and its predecessor firm have paid regular dividends without interruption or reduction for 116 years, and our goal is to continue increasing dividends over time, in line with our earnings growth.

We also return cash to shareholders through share repurchases. Since 2011, our share repurchase activity has lowered average diluted shares outstanding by roughly 2 percent a year, consistent with our long-term share reduction target. That's despite the fact that we used cash to fund the strategic acquisitions of Yoplait International, Yoki and Annie's during that time. In fiscal 2015, we repurchased 22 million shares for a total of $1.2 billion.

Net income growth and disciplined uses of cash are the drivers of increasing returns on average total capital (ROC). General Mills ROC has declined in recent years, primarily due to the acquisitions of Yoplait International, Yoki and Annie's. Our plans for 2016 call for improved ROC, powered by earnings growth and continued prudent capital management.

Selected Financial Data

The following table sets forth selected financial data for each of the fiscal years in the five-year period ended May 31, 2015:

	Fiscal Year				
In Millions, Except Per Share Data, Percentages and Ratios	**2015 (a)**	**2014**	**2013**	**2012**	**2011**
Operating data:					
Net sales	$ 17,630.3	$ 17,909.6	$ 17,774.1	$ 16,657.9	$ 14,880.2
Gross margin [b]	5,949.2	6,369.8	6,423.9	6,044.7	5,953.5
Selling, general, and administrative expenses	3,328.0	3,474.3	3,552.3	3,380.7	3,192.0
Total segment operating profit [c]	3,035.0	3,153.9	3,222.9	3,011.6	2,945.6
Divestiture (gain)	—	(65.5)	—	—	(17.4)
Net earnings attributable to General Mills	1,221.3	1,824.4	1,855.2	1,567.3	1,798.3
Advertising and media expense	823.1	869.5	895.0	913.7	843.7
Research and development expense	229.4	243.6	237.9	245.4	235.0
Average shares outstanding:					
Diluted	618.8	645.7	665.6	666.7	664.8
Earnings per share:					
Diluted	$ 1.97	$ 2.83	$ 2.79	$ 2.35	$ 2.70
Diluted, excluding certain items affecting comparability [c]	$ 2.86	$ 2.82	$ 2.72	$ 2.56	$ 2.48
Operating ratios:					
Gross margin as a percentage of net sales	33.7%	35.6%	36.1%	36.3%	40.0%
Selling, general, and administrative expenses as a percentage of net sales	18.9%	19.4%	20.0%	20.3%	21.5%
Total segment operating profit as a percentage of net sales [c]	17.2%	17.6%	18.1%	18.1%	19.8%
Effective income tax rate	33.3%	33.3%	29.2%	32.1%	29.7%
Return on average total capital [b] [c]	11.2%	11.6%	12.0%	12.7%	13.7%
Balance sheet data:					
Land, buildings, and equipment	$ 3,783.3	$ 3,941.9	$ 3,878.1	$ 3,652.7	$ 3,345.9
Total assets	21,964.5	23,145.7	22,658.0	21,096.8	18,674.5
Long-term debt, excluding current portion	7,607.7	6,423.5	5,926.1	6,161.9	5,542.5
Total debt [b]	9,223.9	8,785.8	7,969.1	7,429.6	6,885.1
Cash flow data:					
Net cash provided by operating activities	$ 2,542.8	$ 2,541.0	$ 2,926.0	$ 2,407.2	$ 1,531.1
Capital expenditures	712.4	663.5	613.9	675.9	648.8
Fixed charge coverage ratio [b]	5.54	8.04	7.62	6.26	7.03
Operating cash flow to debt ratio [b]	27.6%	28.9%	36.7%	32.4%	22.2%
Share data:					
Low stock price	$ 48.86	$ 46.86	$ 37.55	$ 34.95	$ 33.57
High stock price	57.14	54.40	50.93	41.05	39.95
Closing stock price	56.15	53.81	48.98	39.08	39.29
Cash dividends per common share	1.67	1.55	1.32	1.22	1.12
Number of full- and part-time employees	42,000	43,000	41,000	34,500	35,000

(a) Fiscal 2015 was a 53-week year; all other fiscal years were 52 weeks.
(b) See “Glossary” on page 83 of this report for definition.
(c) See “Non-GAAP Measures” on page 31 of this report for our discussion of this measure not defined by generally accepted accounting principles.

EXECUTIVE OVERVIEW

We are a global consumer foods company. We develop distinctive value-added food products and market them under unique brand names. We work continuously to improve our core products and to create new products that meet consumers' evolving needs and preferences. In addition, we build the equity of our brands over time with strong consumer-directed marketing, innovative new products, and effective merchandising. We believe our brand-building strategy is the key to winning and sustaining leading share positions in markets around the globe.

Our fundamental financial goal is to generate superior returns for our stockholders over the long term. We believe that increases in net sales, segment operating profit, earnings per share (EPS), and return on average total capital are the key drivers of financial performance for our business.

Our long-term growth objectives are to consistently deliver:

- low single-digit annual growth in net sales;
- mid single-digit annual growth in total segment operating profit;
- high single-digit annual growth in diluted EPS excluding certain items affecting comparability; and
- improvement in return on average total capital.

We believe that this financial performance, coupled with an attractive dividend yield, should result in long-term value creation for stockholders. We return a substantial amount of cash to stockholders through dividends and share repurchases.

Our fiscal 2015 performance was mixed. Our two smaller operating segments delivered growth. Operating profit for the Convenience Stores and Foodservice segment increased 15 percent to an all-time high of $353 million. Operating results for the International segment were muted by a significant negative impact from foreign currency exchange and slowing economic growth in key emerging markets, but the segment achieved good margin expansion and profit growth in constant currency. Results for our U.S. Retail segment were disappointing, as both net sales and segment operating profit declined. Our brands achieved share gains in categories representing 65 percent of our products' sales in measured U.S. retail channels, but overall sales trends in many categories were weak, reflecting the impact of changing consumer food preferences.

Our consolidated net sales for the fiscal year ended May 31, 2015, declined 2 percent to $17.6 billion, as unfavorable foreign exchange offset the benefits of a 53rd week and six months of incremental contribution from the Annie's Inc. (Annie's) natural and organic foods business acquired in October 2014. On a constant-currency basis, net sales increased 1 percent. Total segment operating profit of $3.0 billion declined 4 percent and 2 percent in constant currency. Diluted EPS declined 30 percent to $1.97 per share. Adjusted diluted EPS, which excludes certain items affecting comparability of results, rose 1 percent to $2.86 per share and increased 4 percent on a constant-currency basis. These results were in line with our expectations which were revised in the second quarter of fiscal 2015. Our return on average total capital declined 40 basis points to 11.2 percent. (See the "Non-GAAP Measures" section below for discussion of total segment operating profit, adjusted diluted EPS, constant-currency nets sales growth rates, constant-currency total segment operating profit growth rate, constant-currency adjusted diluted EPS growth rate, and return on average total capital, which are not defined by generally accepted accounting principles (GAAP)).

Net cash provided by operations totaled $2.5 billion in fiscal 2015. This cash generation supported capital investments totaling $712 million in fiscal 2015. We also returned significant cash to stockholders through an 8 percent dividend increase, and share repurchases totaling $1.2 billion.

We recorded the following achievements related to our other key operating objectives for fiscal 2015:

- Product improvements on established brands and new-product introductions designed to respond to evolving consumer food preferences generated good growth for a variety of our product lines. Examples included renewed sales growth for our U.S. Yogurt operating unit; strong sales contributions from protein-enriched cereal varieties; robust consumer demand across international markets for new Old El Paso Mexican food items; and double-digit growth for our U.S. portfolio of natural and organic food products.
- The acquisition of Annie's in October 2014 significantly expanded our scale and participation in the attractive U.S. natural and organic food category. Combined net sales in the U.S. for our portfolio of natural and organic brands exceeded $570 million in fiscal 2015.

- We increased our share of U.S. cereal category measured dollar sales.
- We increased our share of U.S. yogurt category measured dollar sales, including strong gains in the Greek yogurt segment, and renewed sales growth in the regular and child yogurt segments. Our international yogurt operations expanded to China with first production and order shipments to the Shanghai market commencing near the end of the fiscal year.
- We generated strong levels of supply chain productivity savings in 2015 through our ongoing Holistic Margin Management (HMM) efforts. Beyond this program, we began several new cost savings initiatives during the fiscal year. Project Century is our effort to simplify our North American supply chain. Project Catalyst is focused on increasing the agility and effectiveness of our U.S. Retail and corporate organizations, and we are making changes to various corporate policies and practices to reduce overhead expense. Together, these three initiatives generated more than $75 million in cost savings during fiscal 2015, and they are expected to produce a cumulative $260 to $280 million in savings in fiscal 2016.
- We delivered strong cash returns to stockholders through dividends of $1.67 per share and share repurchases totaling $1.2 billion. Share repurchase activity in fiscal 2015 and 2014 reduced the average number of diluted shares outstanding in fiscal 2015 by 4 percent from fiscal 2014.

A detailed review of our fiscal 2015 performance appears below in the section titled "Fiscal 2015 Consolidated Results of Operations."

Our sales and earnings growth targets for fiscal 2016 reflect the impact of one less week compared to fiscal 2015. The Annie's business will contribute 6 months of incremental results. We expect foreign currency exchange will continue to have a negative impact on reported results for our international operations, and we expect the operating environment in our large developing markets (China and Brazil) to remain uncertain. We estimate our input cost inflation for fiscal 2016 at 2 percent. With these assumptions in mind:

- We expect fiscal 2016 net sales to essentially match 2015 levels in constant currency, reflecting the impact of one less week of business.
- We expect fiscal 2016 total segment operating profit to increase at a low-single-digit rate in constant currency, as HMM and our more recent cost-saving initiatives increase our efficiency and improve margins.
- We expect fiscal 2016 adjusted diluted EPS to increase at a mid-single-digit rate in constant currency.
- Our fiscal 2016 plans call for continued strong cash returns to stockholders. The current annualized dividend rate of $1.76 per share is up 5 percent from the annual dividend paid in 2015. Share repurchases in fiscal 2016 are expected to result in a net reduction in average diluted shares outstanding of approximately 1 percent.

Certain terms used throughout this report are defined in a glossary on page 83 of this report.

FISCAL 2015 CONSOLIDATED RESULTS OF OPERATIONS

Fiscal 2015 had 53 weeks compared to 52 weeks in fiscal 2014.

Fiscal 2015 net sales declined 2 percent to $17,630 million and increased 1 percent on a constant-currency basis. In fiscal 2015, **net earnings attributable to General Mills** were $1,221 million, down 33 percent from $1,824 million in fiscal 2014, and we reported **diluted EPS** of $1.97 in fiscal 2015, down 30 percent from $2.83 in fiscal 2014. Fiscal 2015 results include restructuring-related charges, an indefinite-lived intangible asset impairment charge, tax impact of the repatriation of foreign earnings, losses from the mark-to-market valuation of certain commodity positions and grain inventories, integration costs resulting from the acquisition of Annie's, and the impact of Venezuela currency devaluation. Fiscal 2014 results include the impact of Venezuela currency devaluation, a gain on the divestiture of certain grain elevators, losses from the mark-to-market valuation of certain commodity positions and grain inventories, and restructuring charges related to our fiscal 2012 productivity and cost savings plan. Diluted EPS excluding these items affecting comparability totaled $2.86 in fiscal 2015, up 1 percent from $2.82 in fiscal 2014. Diluted EPS excluding certain items affecting comparability on a constant-currency basis increased 4 percent compared to fiscal 2014 (see the "Non-GAAP Measures" section below for a description of our use of these measures not defined by GAAP).

Net sales declined 2 percent to $17,630 million in fiscal 2015 from $17,910 in fiscal 2014. The components of net sales growth are shown in the following table:

	Fiscal 2015 vs. 2014
Contributions from volume growth [a]	(1) pt
Net price realization and mix	2 pts
Foreign currency exchange	(3) pts
Net sales growth	(2) pts

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

The 53rd week in fiscal 2015 contributed approximately 1 percentage point of net sales growth, reflecting 1 percentage point of growth from volume.

Cost of sales increased $141 million in fiscal 2015 to $11,681 million. In fiscal 2015, we recorded a $90 million net increase in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories as described in Note 7 to the Consolidated Financial Statements on page 52 of this report, compared to a net decrease of $49 million in fiscal 2014. In fiscal 2015, we recorded $60 million of restructuring charges in cost of sales. Product mix drove a $17 million increase in cost of sales. We also recorded a $3 million foreign exchange loss in fiscal 2015 related to Venezuela currency devaluation compared to a $23 million loss in fiscal 2014. Lower volume drove a $68 million decrease in cost of sales.

We also expect to incur approximately $65 million of restructuring initiative project-related cash costs and recorded $13 million of these costs in cost of sales in fiscal 2015 (please refer to Note 4 to the Consolidated Financial Statements on page 48 of this report).

Gross margin declined 7 percent in fiscal 2015 versus fiscal 2014. Gross margin as a percent of net sales of 34 percent decreased 190 basis points compared to fiscal 2014.

Selling, general and administrative (SG&A) expenses decreased $146 million in fiscal 2015 versus fiscal 2014 primarily due to a 5 percent decrease in advertising and media expense, and savings from Project Catalyst (please refer to Note 4 to the Consolidated Financial Statements on page 48 of this report) and our other cost management initiatives. In fiscal 2015, we recorded a $5 million charge related to Venezuela currency devaluation compared to a $39 million charge in fiscal 2014. In addition, we recorded $16 million of integration costs in fiscal 2015 related to our acquisition of Annie's. SG&A expenses as a percent of net sales decreased 50 basis points compared to fiscal 2014.

Restructuring, impairment, and other exit costs totaled $544 million in fiscal 2015 compared to $4 million in fiscal 2014.

During the fourth quarter of fiscal 2015, we made a strategic decision to redirect certain resources supporting our Green Giant business in our U.S. Retail segment to other businesses within the segment. As a result, we recorded a $260 million impairment charge in the fourth quarter of fiscal 2015 related to the Green Giant brand intangible asset.

Restructuring charges recorded in restructuring, impairment, and other exit costs were $284 million in fiscal 2015 compared to $4 million in fiscal 2014. Total charges associated with our restructuring initiatives recognized in fiscal 2015 and 2014 consisted of the following:

	As Reported				Estimated				
In Millions	Fiscal 2015		Fiscal 2014		Future		Total		
	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Savings[b]
Total Century [a]	$ 181.8	$ 12.0	$ —	$ —	$ 111	$ 109	$ 293	$ 121	
Catalyst	148.4	45.0	—	—	—	73	148	118	
International	13.9	6.5	1.0	6.0	1	8	15	14	
Other	(0.6)	0.1	2.6	16.4	—	—	—	—	
Total restructuring charges [a]	343.5	63.6	3.6	22.4	112	190	456	253	
Project-related costs recorded in costs of sales	13.2	9.7	—	—	52	55	65	65	
Restructuring charges and project-related costs	$ 356.7	$ 73.3	$ 3.6	$ 22.4	$ 164	$ 245	$ 521	$ 318	
Future cumulative annual savings									$ 350

(a) Includes $59.6 million of restructuring charges recorded in cost of sales during fiscal 2015.
(b) Cumulative annual savings estimated by fiscal 2017. Includes savings from SG&A cost reduction projects.

Please refer to Note 4 to the Consolidated Financial Statements on page 48 of this report for more information regarding our restructuring activities.

There were no divestitures in fiscal 2015. During fiscal 2014, we recorded a **divestiture gain** of $66 million related to the sale of certain grain elevators in our U.S. Retail segment.

Interest, net for fiscal 2015 totaled $315 million, $13 million higher than fiscal 2014. Average interest bearing instruments increased $1,370 million, generating a $55 million increase in net interest. The average interest rate decreased 47 basis points, including the effect of the mix of debt, generating a $42 million decrease in net interest.

Our consolidated **effective tax rate** for fiscal 2015 of 33.3 percent was consistent with fiscal 2014. The 4.5 percentage point impact resulting from the repatriation of $606 million of foreign earnings in fiscal 2015 was offset by changes in earnings mix by country, certain favorable discrete items, and favorable state tax rate changes.

After-tax earnings from joint ventures for fiscal 2015 decreased to $84 million compared to $90 million in fiscal 2014 primarily driven by unfavorable foreign currency exchange and an asset impairment charge of $3 million at Cereal Partners Worldwide (CPW) in South Africa. The change in net sales for each joint venture is set forth in the following table:

	As Reported Fiscal 2015 vs. 2014	Constant Currency Basis Fiscal 2015 vs. 2014
CPW	(10)%	(2)%
Häagen-Dazs Japan, Inc. (HDJ)	(4)	6
Joint Ventures	(9)%	(1)%

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

Fiscal 2015 vs. Fiscal 2014	CPW	HDJ
Contributions from volume growth	(1) pt	(5) pts
Net price realization and mix	(1) pt	11 pts
Foreign currency exchange	(8) pts	(10) pts
Net sales growth	(10) pts	(4) pts

Average diluted shares outstanding decreased by 27 million in fiscal 2015 from fiscal 2014 due to share repurchases.

FISCAL 2015 CONSOLIDATED BALANCE SHEET ANALYSIS

Cash and cash equivalents decreased $533 million from fiscal 2014, as discussed in the "Liquidity" section below.

Receivables decreased $97 million from fiscal 2014, primarily driven by timing of sales.

Inventories decreased $19 million from fiscal 2014.

Prepaid expenses and other current assets increased $15 million from fiscal 2014.

Land, buildings, and equipment decreased $159 million from fiscal 2014, primarily driven by $108 million related to restructuring activities.

Goodwill and other intangible assets decreased $113 million from fiscal 2014, driven by foreign exchange and a $260 million impairment charge related to an indefinite-lived intangible asset, partially offset by the $858 million of intangible assets recorded in the acquisition of Annie's.

Other assets decreased $302 million from fiscal 2014, largely driven by a decrease in the funded status of our defined benefit pension plans primarily due to the adoption of new mortality tables for the annual remeasurement of the obligations associated with these plans.

Accounts payable increased $73 million from fiscal 2014, primarily driven by the extension of payment terms and the timing of payments.

Notes payable and long-term debt, including **current portion**, increased $438 million from fiscal 2014, primarily driven by $1,107 million of net long-term debt issuances, partially offset by net commercial paper payments.

The current and noncurrent portions of net **deferred income taxes liability** decreased $142 million from fiscal 2014, primarily as a result of changes in the funded status of our defined benefit pension and postretirement plans.

Other current liabilities increased $140 million from fiscal 2014, primarily driven by the establishment of restructuring reserves related to the actions taken in fiscal 2015.

Other liabilities increased $102 million from fiscal 2014, largely driven by an increase in our defined benefit pension and postretirement plans liabilities primarily due to the adoption of new mortality tables for the annual remeasurement of the obligations associated with these plans.

Redeemable interest decreased $205 million from fiscal 2014, primarily driven by foreign exchange.

Retained earnings increased $204 million from fiscal 2014, reflecting fiscal 2015 net earnings of $1,221 million less dividends declared of $1,018 million. **Treasury stock** increased $836 million from fiscal 2014, driven by $1,162 million of share repurchases, partially offset by $326 million related to stock-based compensation plans. **Additional paid in capital** increased $65 million from fiscal 2014, primarily driven by redeemable interest revaluation, partially offset by stock compensation activity. **AOCI** increased by $970 million from fiscal 2014.

Noncontrolling interests decreased $75 million from fiscal 2014, primarily driven by foreign exchange.

FISCAL 2014 CONSOLIDATED RESULTS OF OPERATIONS

Our consolidated results for fiscal 2014 include one additional quarter of operating activity from the acquisition of Yoki Alimentos S.A. (Yoki) in Brazil, one additional quarter of operating activity from the assumption of the Canadian Yoplait franchise license, and three additional quarters of operating activity from the acquisition of Immaculate Baking Company in the United States. Collectively, these items are referred to as "new businesses" in comparing our fiscal 2014 results to fiscal 2013.

Fiscal 2014 net sales grew 1 percent to $17,910 million including 1 percentage point of growth contributed by new businesses and 1 percentage point of unfavorable foreign currency exchange. In fiscal 2014, **net earnings attributable to General Mills** were $1,824 million, down 2 percent from $1,855 million in fiscal 2013, and we reported **diluted EPS** of $2.83 in fiscal 2014, up 1 percent from $2.79 in fiscal 2013. Fiscal 2014 results include a gain on the divestiture of certain grain elevators, the impact of Venezuela currency devaluation, gains from the mark-to-market valuation of certain commodity positions and grain inventories, and restructuring charges related to our fiscal 2012 productivity and cost savings plan. Fiscal 2013 results include the effects from various discrete tax items, the impact of Venezuela currency devaluation, restructuring charges related to our fiscal 2012 productivity and cost savings plan, integration costs resulting from the acquisition of Yoki, and gains from the mark-to-market valuation of certain commodity positions and grain inventories. Diluted EPS excluding these items affecting comparability totaled $2.82 in fiscal 2014, up 4 percent from $2.72 in fiscal 2013 (see the "Non-GAAP Measures" section below for a description of our use of this measure not defined by GAAP).

Net sales grew 1 percent in fiscal 2014 to $17,910 from $17,774 in fiscal 2013. The components of net sales growth are shown in the following table:

	Fiscal 2014 vs. 2013
Contributions from volume growth [(a)]	1 pt
Net price realization and mix	1 pt
Foreign currency exchange	(1) pt
Net sales growth	1 pt

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

Net sales growth included 1 percentage point of growth from new businesses. Contributions from volume growth included 2 percentage points from new businesses.

Cost of sales increased $190 million in fiscal 2014 to $11,540 million. Higher volume drove an $115 million increase in cost of sales. Product mix also drove an $130 million increase in cost of sales. In fiscal 2014, we recorded a $49 million net decrease in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories as described in Note 7 to the Consolidated Financial Statements on page 52 of this report, compared to a net decrease of $4 million in fiscal 2013. We also recorded a $23 million foreign exchange loss in fiscal 2014 related to the Venezuela currency devaluation compared to a $16 million loss in fiscal 2013. In fiscal 2013, we also recorded a $17 million non-recurring expense related to the assumption of the Canadian Yoplait franchise license.

Gross margin declined 1 percent in fiscal 2014 versus fiscal 2013. Gross margin as a percent of net sales of 36 percent was unchanged compared to fiscal 2013.

SG&A expenses decreased $78 million in fiscal 2014 versus fiscal 2013. The decrease in SG&A expenses was primarily driven by a 3 percent decrease in advertising and media expense, a smaller contribution to the General Mills Foundation, a decrease in incentive compensation expense, and lower pension expense compared to fiscal 2013. In fiscal 2014, we recorded a $39 million charge related to Venezuela currency devaluation compared to a $9 million charge in fiscal 2013. In addition, we recorded $12 million of integration costs

in fiscal 2013 related to our acquisition of Yoki. SG&A expenses as a percent of net sales decreased 1 percent compared to fiscal 2013.

During fiscal 2014, we recorded a **divestiture gain** of $66 million related to the sale of certain grain elevators in our U.S. Retail segment. There were no divestitures in fiscal 2013.

Interest, net for fiscal 2014 totaled $302 million, $15 million lower than fiscal 2013. The average interest rate decreased 41 basis points, including the effect of the mix of debt, generating a $31 million decrease in net interest. Average interest bearing instruments increased $367 million, generating a $16 million increase in net interest.

Our consolidated **effective tax rate** for fiscal 2014 was 33.3 percent compared to 29.2 percent in fiscal 2013. The 4.1 percentage point increase was primarily related to the restructuring of our General Mills Cereals, LLC (GMC) subsidiary during the first quarter of fiscal 2013, which resulted in a $63 million decrease to deferred income tax liabilities related to the tax basis of the investment in GMC and certain distributed assets, with a corresponding non-cash reduction to income taxes. During fiscal 2013, we also recorded a $34 million discrete decrease in income tax expense and an increase in our deferred tax assets related to certain actions taken to restore part of the tax benefits associated with Medicare Part D subsidies which had previously been reduced in fiscal 2010 with the enactment of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Our fiscal 2013 tax expense also includes a $12 million charge associated with the liquidation of a corporate investment.

After-tax earnings from joint ventures for fiscal 2014 decreased to $90 million compared to $99 million in fiscal 2013 primarily driven by increased consumer spending at CPW and unfavorable foreign currency exchange from HDJ. The change in net sales for each joint venture is set forth in the following table:

	As Reported Fiscal 2014 vs. 2013	Constant Currency Basis Fiscal 2014 vs. 2013
CPW	(1)%	Flat
HDJ	(8)	9%
Joint Ventures	(2)%	2%

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

Fiscal 2014 vs. Fiscal 2013	CPW	HDJ
Contributions from volume growth	Flat	11 pts
Net price realization and mix	Flat	(2) pts
Foreign currency exchange	(1) pt	(17) pts
Net sales growth	(1) pt	(8) pts

Average diluted shares outstanding decreased by 20 million in fiscal 2014 from fiscal 2013 due primarily to the repurchase of 36 million shares, partially offset by the issuance of 7 million shares related to stock compensation plans.

RESULTS OF SEGMENT OPERATIONS

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

Beginning in the first quarter of fiscal 2015, we changed how we assess segment operating performance to exclude the asset and liability remeasurement impact from hyperinflationary economies. This impact is now included in unallocated corporate items. All periods presented have been changed to conform to this presentation.

The following tables provide the dollar amount and percentage of net sales and operating profit from each segment for fiscal years 2015, 2014, and 2013:

	Fiscal Year					
	2015		2014		2013	
In Millions	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Net Sales						
U.S. Retail	$10,507.0	60%	$10,604.9	59%	$10,614.9	60%
International	5,128.2	29	5,385.9	30	5,200.2	29
Convenience Stores and Foodservice	1,995.1	11	1,918.8	11	1,959.0	11
Total	$17,630.3	100%	$17,909.6	100%	$17,774.1	100%
Segment Operating Profit						
U.S. Retail	$2,159.3	71%	$2,311.5	73%	$2,392.9	74%
International	522.6	17	535.1	17	515.4	16
Convenience Stores and Foodservice	353.1	12	307.3	10	314.6	10
Total	$3,035.0	100%	$3,153.9	100%	$3,222.9	100%

Segment operating profit excludes unallocated corporate items, gain on divestitures, and restructuring, impairment, and other exit costs because these items affecting operating profit are centrally managed at the corporate level and are excluded from the measure of segment profitability reviewed by our executive management.

U.S. Retail Segment Beginning with the second quarter of fiscal 2015, we realigned certain operating units within our U.S. Retail operating segment. We also changed the name of our Yoplait operating unit to Yogurt and our Big G operating unit to Cereal. Frozen Foods transitioned into Meals and Baking Products. Small Planet Foods transitioned into Snacks, Cereal, and Meals. The Yogurt operating unit was unchanged. We revised the amounts previously reported in the net sales and net sales percentage change by operating unit within our U.S. Retail segment to conform to the new operating unit structure. These realignments had no effect on previously reported consolidated net sales, operating segments' net sales, operating profit, segment operating profit, net earnings attributable to General Mills, or EPS. In addition, results from the acquired Annie's business are included in the Meals and Snacks operating units.

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, shelf stable and frozen vegetables, 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.

In fiscal 2015, net sales for our U.S. Retail segment were $10,507 million, down 1 percent compared to fiscal 2014. In fiscal 2014, net sales for this segment totaled $10,605 million, flat compared to fiscal 2013.

The components of U.S. Retail net sales growth are shown in the following table:

	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013
Contributions from volume growth [(a)]	(1) pt	Flat
Net price realization and mix	Flat	Flat
Net sales growth	(1) pt	Flat

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

The acquisition of Annie's added 1 percentage point of net sales growth, reflecting 1 percentage point of growth from volume in fiscal 2015. The 53rd week in fiscal 2015 contributed approximately 1 percentage point of net sales growth, reflecting 1 percentage point of growth from volume.

Net sales for our U.S. retail operating units are shown in the following table:

	Fiscal Year		
In Millions	2015	2014	2013
Meals	$ 2,674.3	$ 2,772.4	$ 2,836.0
Cereal	2,330.1	2,410.2	2,407.8
Snacks	2,134.4	1,997.8	1,867.6
Baking Products	1,969.8	2,096.1	2,133.9
Yogurt and other	1,398.4	1,328.4	1,369.6
Total	$10,507.0	$10,604.9	$10,614.9

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

	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013
Meals	(4)%	(2)%
Cereal	(3)	Flat
Baking Products	(6)	(2)
Snacks	7	7
Yogurt	5	(3)
Total	(1)%	Flat

Segment operating profit of $2,159 million in fiscal 2015 declined $152 million, or 7 percent, from fiscal 2014. The decrease was primarily driven by lower volume and an increase in supply chain costs, partially offset by a 6 percent reduction in advertising and media expense.

Segment operating profit of $2,312 million in fiscal 2014 declined $81 million, or 3 percent, from fiscal 2013. The decrease reflected higher trade spending, partially offset by a 1 percent reduction in advertising and media expense.

International Segment 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 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.

Net sales for our International segment were down 5 percent in fiscal 2015 compared to fiscal 2014, to $5,128 million. Net sales totaled $5,386 million in fiscal 2014, up 4 percent from $5,200 million in fiscal 2013. The components of International net sales growth are shown in the following table:

	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013
Contributions from volume growth [(a)]	Flat	5 pts
Net price realization and mix	6 pts	3 pts
Foreign currency exchange	(11) pts	(4) pts
Net sales growth	(5) pts	4 pts

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

The 53rd week in fiscal 2015 contributed approximately 1 percentage point of net sales growth, reflecting 1 percentage point of growth from volume.

Net sales for our International segment by geographic region are shown in the following table:

	Fiscal Year		
In Millions	2015	2014	2013
Europe [(a)]	$2,126.5	$2,188.8	$2,214.6
Canada	1,105.1	1,195.3	1,210.5
Asia/Pacific	1,023.5	981.8	899.1
Latin America	873.1	1,020.0	876.0
Total	$5,128.2	$5,385.9	$5,200.2

(a) Fiscal 2013 net sales for the Europe region include an additional month of results.

International change in net sales by geographic region are shown in the following table:

	Percentage Change in Net Sales as Reported		Percentage Change in Net Sales on Constant Currency Basis [a]	
	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013
Europe	(3)%	(1)%	5%	(4)%
Canada	(8)	(1)	Flat	5
Asia/Pacific	4	9	5	9
Latin America	(14)	16	17	38
Total	(5)%	4%	6%	8%

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

Segment operating profit for fiscal 2015 declined 2 percent to $523 million from $535 million in fiscal 2014, primarily driven by unfavorable foreign currency exchange and higher input costs, partially offset by favorable net price realization and mix. International segment operating profit increased 9 percent on a constant-currency basis in fiscal 2015 compared to fiscal 2014 (see the "Non-GAAP Measures" section below for our use of this measure).

Segment operating profit for fiscal 2014 grew 4 percent to $535 million from $515 million in fiscal 2013, primarily driven by volume growth, favorable net price realization and mix, and an additional quarter of results from the Yoki acquisition, partially offset by unfavorable foreign currency and higher input costs. In addition, we recorded a $17 million non-recurring expense related to the assumption of the Canadian Yoplait franchise license in fiscal 2013. International segment operating profit increased 10 percent on a constant-currency basis in fiscal 2014 compared to fiscal 2013 (see the "Non-GAAP Measures" section below for our use of this measure).

Convenience Stores and Foodservice Segment In our Convenience Stores and Foodservice segment our major product categories are ready-to-eat cereals, snacks, refrigerated yogurt, frozen breakfasts, 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.

For fiscal 2015, net sales for our Convenience Stores and Foodservice segment increased 4 percent to $1,995 million. For fiscal 2014, net sales decreased 2 percent to $1,919 million compared to $1,959 million in fiscal 2013. The components of Convenience Stores and Foodservice net sales growth are shown in the following table:

	Fiscal 2015 vs. 2014	Fiscal 2014 vs. 2013
Contributions from volume growth [a]	1 pt	(1) pt
Net price realization and mix	3 pts	(1) pt
Foreign currency exchange	NM	NM
Net sales growth	4 pts	(2) pts

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

The 53rd week in fiscal 2015 contributed approximately 2 percentage points of net sales growth, reflecting 2 percentage points of growth from volume.

In fiscal 2015, segment operating profit was $353 million, up 15 percent from $307 million in fiscal 2014. The increase was primarily driven by favorable net price realization and mix and higher volume.

In fiscal 2014, segment operating profit was $307 million, down 2 percent from $315 million in fiscal 2013. The decrease was primarily driven by volume declines, unfavorable net price realization, and investments to protect and grow the business.

Unallocated Corporate Items Beginning in the first quarter of fiscal 2015, we changed how we assess segment operating performance to exclude the asset and liability remeasurement impact from hyperinflationary economies. This impact is now included in unallocated corporate items. All periods presented have been changed to conform to this presentation.

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, and other items that are not part of our measurement of segment operating performance. This includes gains and losses from mark-to-market valuation of certain commodity positions until passed back to our operating segments in accordance with our policy as discussed in Note 7 to the Consolidated Financial Statements on page 52 of this report.

For fiscal 2015, unallocated corporate expense totaled $414 million compared to $258 million last year. In fiscal 2015, we recorded a $90 million net increase in expense related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a $49 million net decrease in expense in fiscal 2014. In addition, we recorded $60 million of restructuring charges, and $13 million of restructuring initiative project-related costs in cost of sales in fiscal 2015. We recorded an $8 million foreign exchange loss related to the remeasurement of assets and liabilities of our Venezuelan subsidiary compared to $62 million in fiscal 2014. We also recorded $16 million of integration costs resulting from the acquisition of Annie's in fiscal 2015.

For fiscal 2014, unallocated corporate expense totaled $258 million compared to $351 million in fiscal 2013. In fiscal 2014, we recorded a $49 million net decrease in expense related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a $4 million net decrease in expense in the prior year. Compensation and benefit expenses decreased $59 million and the contribution to the General Mills Foundation decreased in fiscal 2014 compared to fiscal 2013. We also recorded a $62 million foreign exchange loss related to the remeasurement of assets and liabilities of our Venezuelan subsidiary in fiscal 2014 compared to $25 million in fiscal 2013. In fiscal 2013, we also recorded $12 million of integration costs related to the acquisition of Yoki.

Venezuela is a highly inflationary economy, and 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 expect to be able to access U.S. dollars through the SIMADI market. SIMADI has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. In fiscal 2015, we recorded an $8 million foreign exchange loss in unallocated corporate items resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary at the SIMADI rate of 199 bolivars per U.S. dollar. Our Venezuela operations represent less than 1 percent of our consolidated assets, liabilities, net sales, and segment operating profit. As of May 31, 2015, we had $0.3 million of non-U.S. dollar cash balances in Venezuela.

IMPACT OF INFLATION

Our gross margin performance in fiscal 2015 reflects the impact of 2 percent input cost inflation, primarily on commodities inputs. We expect input cost inflation of 2 percent in fiscal 2016. We attempt to minimize the effects of inflation through HMM, planning, and operating practices. Our risk management practices are discussed on page 36 of this report.

LIQUIDITY

The primary source of our liquidity is cash flow from operations. Over the most recent three-year period, our operations have generated $8.0 billion in cash. A substantial portion of this operating cash flow has been returned to stockholders through share repurchases and dividends. We also use cash from operations to fund our capital expenditures and acquisitions. We typically use a combination of cash, notes payable, and long-term debt to finance significant acquisitions and major capital expansions.

As of May 31, 2015, we had $311 million of cash and cash equivalents held in foreign jurisdictions which will be used to fund foreign operations and acquisitions. During the fourth quarter of fiscal 2015, we approved a one-time repatriation of $606 million of foreign earnings. This action reduced the economic cost of funding current restructuring initiatives and the acquisition of Annie's completed in fiscal 2015. We recorded a discrete income tax charge of $79 million in fiscal 2015 related to this action, and we expect to make approximately $24 million in related cash income tax payments related to this action. We have previously asserted that our foreign earnings are permanently reinvested and will only be repatriated in a tax-neutral manner, and this one-time repatriation does not change this ongoing assertion.

Cash Flows from Operations

In Millions	Fiscal Year 2015	2014	2013
Net earnings, including earnings attributable to redeemable and noncontrolling interests	$1,259.4	$1,861.3	$1,892.5
Depreciation and amortization	588.3	585.4	588.0
After-tax earnings from joint ventures	(84.3)	(89.6)	(98.8)
Distributions of earnings from joint ventures	72.6	90.5	115.7
Stock-based compensation	106.4	108.5	100.4
Deferred income taxes	25.3	172.5	81.8
Tax benefit on exercised options	(74.6)	(69.3)	(103.0)
Pension and other postretirement benefit plan contributions	(49.5)	(49.7)	(223.2)
Pension and other postretirement benefit plan costs	91.3	124.1	131.2
Divestiture (gain)	—	(65.5)	—
Restructuring, impairment, and other exit costs	531.1	(18.8)	(60.2)
Changes in current assets and liabilities, excluding the effects of acquisitions	214.7	(32.2)	471.1
Other, net	(137.9)	(76.2)	30.5
Net cash provided by operating activities	$2,542.8	$2,541.0	$2,926.0

In fiscal 2015, our operations generated $2.5 billion of cash, flat compared to fiscal 2014. The $247 million change in current assets and liabilities was primarily driven by the timing of trade and promotion accruals, changes in tax accruals, and changes in derivative positions. This was largely offset by lower net earnings, which included a $260 million non-cash impairment charge and $271 million of non-cash restructuring charges, and a $147 million change in net deferred income taxes.

We strive to grow core working capital at or below the rate of growth in our net sales. For fiscal 2015, core working capital decreased 13 percent, primarily due to a decrease in accounts receivable and an increase in accounts payable, compared to a net sales decline of 2 percent. In fiscal 2014, core working capital decreased 9 percent, compared to net sales growth of 1 percent, and in fiscal 2013, core working capital decreased 5 percent, compared to net sales growth of 7 percent.

In fiscal 2014, our operations generated $2.5 billion of cash compared to $2.9 billion in fiscal 2013. The $385 million decrease was primarily due to a $503 million change in current assets and liabilities. The change in current assets and liabilities was primarily driven by a $403 million change in other current liabilities largely due to changes in trade promotion and income tax accruals, and a $107 million change in inventory. In addition, in fiscal 2013 we made a $200 million voluntary contribution to our principal domestic pension plans.

Cash Flows from Investing Activities

In Millions	Fiscal Year 2015	2014	2013
Purchases of land, buildings, and equipment	$ (712.4)	$(663.5)	$ (613.9)
Acquisitions, net of cash acquired	(822.3)	—	(898.0)
Investments in affiliates, net	(102.4)	(54.9)	(40.4)
Proceeds from disposal of land, buildings, and equipment	11.0	6.6	24.2
Proceeds from divestiture	—	121.6	—
Exchangeable note	27.9	29.3	16.2
Other, net	(4.0)	(0.9)	(3.5)
Net cash used by investing activities	$(1,602.2)	$(561.8)	$(1,515.4)

In fiscal 2015, cash used by investing activities increased by $1.0 billion from fiscal 2014. We invested $712 million in land, buildings, and equipment in fiscal 2015, $49 million more than the same period last year. In the second quarter of fiscal 2015, we acquired Annie's, a publicly traded food company headquartered in Berkeley, California, for an aggregate purchase price of $809 million, net of $12 million of cash acquired. We made $102 million of investments in affiliates, primarily CPW, in fiscal 2015. In addition, we received $28 million in payments from Sodiaal International (Sodiaal) in fiscal 2015 against the $132 million exchangeable note we purchased in fiscal 2012.

In fiscal 2014, cash used by investing activities decreased by $954 million from fiscal 2013. We invested $664 million in land, buildings, and equipment in fiscal 2014, $50 million more than in fiscal 2013. We made $55 million of investments in affiliates, primarily CPW, in fiscal 2014. In the fourth quarter of fiscal 2014, we sold certain grain elevators for $124 million in cash,

including a working capital adjustment finalized in the first quarter of fiscal 2015. In addition we received $29 million in payments from Sodiaal in fiscal 2014 against the exchangeable note.

We expect capital expenditures to be approximately $840 million in fiscal 2016. These expenditures will fund initiatives that are expected to fuel International growth, support innovative products, and continue HMM initiatives throughout the supply chain.

Cash Flows from Financing Activities

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Change in notes payable	$ (509.8)	$ 572.9	$ (44.5)
Issuance of long-term debt	2,253.2	1,673.0	1,001.1
Payment of long-term debt	(1,145.8)	(1,444.8)	(542.3)
Proceeds from common stock issued on exercised options	163.7	108.1	300.8
Tax benefit on exercised options	74.6	69.3	103.0
Purchases of common stock for treasury	(1,161.9)	(1,745.3)	(1,044.9)
Dividends paid	(1,017.7)	(983.3)	(867.6)
Addition of noncontrolling interest	—	17.6	—
Distributions to noncontrolling and redeemable interest holders	(25.0)	(77.4)	(39.2)
Other, net	(16.1)	(14.2)	(6.6)
Net cash used by financing activities	$ (1,384.8)	$ (1,824.1)	$ (1,140.2)

Net cash used by financing activities decreased by $439 million in fiscal 2015. We had $204 million less net debt issuances in fiscal 2015 than the same period a year ago. For more information on our debt issuances and payments, please refer to Note 8 to the Consolidated Financial Statements on page 61 of this report.

During fiscal 2015, we received $164 million in proceeds from common stock issued on exercised options compared to $108 million in fiscal 2014, an increase of $56 million. During fiscal 2013, we received $301 million in proceeds from common stock issued on exercised options.

In May 2014, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock. Purchases under the authorization 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 authorization has no specified termination date.

During fiscal 2015, we repurchased 22 million shares of our common stock for $1,162 million. During fiscal 2014, we repurchased 36 million shares of our common stock for $1,745 million. During fiscal 2013, we repurchased 24 million shares of our common stock for $1,015 million.

Dividends paid in fiscal 2015 totaled $1,018 million, or $1.67 per share, an 8 percent per share increase from fiscal 2014. Dividends paid in fiscal 2014 totaled $983 million, or $1.55 per share, a 17 percent per share increase from fiscal 2013 dividends of $1.32 per share. On March 10, 2015, our Board of Directors approved a 5 percent dividend increase, effective with the May 1, 2015 payment, to an annualized rate of $1.76 per share.

Selected Cash Flows from Joint Ventures

Selected cash flows from our joint ventures are set forth in the following table:

	Fiscal Year		
Inflow (Outflow), in Millions	**2015**	**2014**	**2013**
Advances to joint ventures, net	$(102.4)	$(54.9)	$(36.7)
Dividends received	72.6	90.5	115.7

CAPITAL RESOURCES

Total capital consisted of the following:

In Millions	**May 31, 2015**	**May 25, 2014**
Notes payable	$ 615.8	$ 1,111.7
Current portion of long-term debt	1,000.4	1,250.6
Long-term debt	7,607.7	6,423.5
Total debt	9,223.9	8,785.8
Redeemable interest	778.9	984.1
Noncontrolling interests	396.0	470.6
Stockholders' equity	4,996.7	6,534.8
Total capital	$15,395.5	$16,775.3

The following table details the fee-paid committed and uncommitted credit lines we had available as of May 31, 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	0.5	0.1
Total committed and uncommitted credit facilities	$3.4	$0.2

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 uncommitted and asset-backed credit lines that support our foreign operations. The credit facilities contain several covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of May 31, 2015, we were in compliance with all of these covenants.

We have $1,000 million of long-term debt maturing in the next 12 months that is classified as current. 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.

As of May 31, 2015, our total debt, including the impact of derivative instruments designated as hedges, was 72 percent in fixed-rate and 28 percent in floating-rate instruments, compared to 71 percent in fixed-rate and 29 percent in floating-rate instruments on May 25, 2014.

Improvement in return on average total capital is one of our key performance measures (see the "Non-GAAP Measures" section below for our discussion of this measure, which is not defined by GAAP). Return on average total capital decreased 40 basis points from 11.6 percent in fiscal 2014 to 11.2 percent in fiscal 2015 as fiscal 2015 earnings declined. On a constant-currency basis, return on average total capital decreased 20 basis points. We also believe that our fixed charge coverage ratio and the ratio of operating cash flow to debt are important measures of our financial strength. Our fixed charge coverage ratio in fiscal 2015 was 5.54 compared to 8.04 in fiscal 2014. The measure decreased from fiscal 2014 as earnings before income taxes and after-tax earnings from joint ventures decreased by $893 million including a $260 million non-cash pretax charge related to an indefinite-lived intangible asset impairment and a $344 million pretax increase in restructuring charges in fiscal 2015. Our operating cash flow to debt ratio decreased 1.3 percentage points to 27.6 percent in fiscal 2015, driven by an increase in total debt.

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal holds the remaining interests in each of these entities. We consolidate these entities into our consolidated financial statements. We record Sodiaal's 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl as noncontrolling interests, and their 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 May 31, 2015, the redemption value of the redeemable interest was $779 million which approximates its fair value.

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, to the holder's capital account balance established in the most recent mark-to-market valuation (currently $252 million). For fiscal 2015, the floating preferred rate was equal to the sum of three-month LIBOR plus 110 basis points. 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, subsequent to our year-end, the floating preferred return rate on GMC's Class A Interests was reset to the sum of three-month LIBOR plus 125 basis points.

We have an 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 third-party holder'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.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

As of May 31, 2015, we have issued guarantees and comfort letters of $434 million for the debt and other obligations of consolidated subsidiaries, and guarantees and comfort letters of $258 million for the debt and other obligations of non-consolidated affiliates, mainly CPW. In addition, off-balance sheet arrangements are generally limited to the future payments under non-cancelable operating leases, which totaled $400 million as of May 31, 2015.

As of May 31, 2015, we had invested in five variable interest entities (VIEs). None of our VIEs are material to our results of operations, financial condition, or liquidity as of and for the year ended May 31, 2015.

The following table summarizes our future estimated cash payments under existing contractual obligations, including payments due by period:

	Payments Due by Fiscal Year				
In Millions	Total	2016	2017 - 18	2019 - 20	2021 and Thereafter
Long-term debt (a)	$ 8,615.4	$1,000.0	$1,707.5	$1,650.0	$4,257.9
Accrued interest	91.8	91.8	—	—	—
Operating leases (b)	400.5	108.4	133.1	77.4	81.6
Capital leases	1.5	0.6	0.6	0.3	—
Purchase obligations (c)	2,363.8	2,124.2	141.8	65.5	32.3
Total contractual obligations	11,473.0	3,325.0	1,983.0	1,793.2	4,371.8
Other long-term obligations (d)	1,738.2	—	—	—	—
Total long-term obligations	$13,211.2	$3,325.0	$1,983.0	$1,793.2	$4,371.8

(a) Amounts represent the expected cash payments of our long-term debt and do not include $1 million for capital leases or $8 million for net unamortized bond premiums and discounts and fair value adjustments.

(b) Operating leases represents the minimum rental commitments under non-cancelable operating leases.

(c) The majority of the purchase obligations represent commitments for raw material and packaging to be utilized in the normal course of business and for consumer marketing spending commitments that support our brands. For purposes of this table, arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased, a pricing structure, and approximate timing of the transaction. Most arrangements are cancelable without a significant penalty and with short notice (usually 30 days). Any amounts reflected on the Consolidated Balance Sheets as accounts payable and accrued liabilities are excluded from the table above.

(d) The fair value of our foreign exchange, equity, commodity, and grain derivative contracts with a payable position to the counterparty was $133 million as of May 31, 2015, based on fair market values as of that date. Future changes in market values will impact the amount of cash ultimately paid or received to settle those instruments in the future. Other long-term obligations mainly consist of liabilities for accrued compensation and benefits, including the underfunded status of certain of our defined benefit pension, other postretirement benefit, and postemployment benefit plans, and miscellaneous liabilities. We expect to pay $22 million of benefits from our unfunded postemployment benefit plans and $14 million of deferred compensation in fiscal 2016. We are unable to reliably estimate the amount of these payments beyond fiscal 2016. As of May 31, 2015, our total liability for uncertain tax positions and accrued interest and penalties was $196 million.

SIGNIFICANT ACCOUNTING ESTIMATES

For a complete description of our significant accounting policies, see Note 2 to the Consolidated Financial Statements on page 44 of this report. Our significant accounting estimates are those that have a 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 post-employment benefit plans.

Promotional Expenditures Our promotional activities are conducted through our customers and directly or indirectly with end consumers. These activities include: payments to customers to perform merchandising activities on our behalf, such as advertising or in-store displays; discounts to our list prices to lower retail shelf prices; payments to gain distribution of new products; coupons, contests, and other incentives; and media and advertising expenditures. The recognition of these costs requires estimation of customer participation and performance levels. These estimates are based on the forecasted customer sales, the timing and forecasted costs of promotional activities, and other factors. Differences between estimated expenses and actual costs are recognized as a change in management estimate in a subsequent period. Our accrued trade, coupon, and consumer marketing liabilities were $565 million as of May 31, 2015, and $578 million as of May 25, 2014. Because our total promotional expenditures (including amounts classified as a reduction of revenues) are significant, if our estimates are inaccurate we would have to make

adjustments in subsequent periods that could have a material effect on our results of operations.

Valuation of Long-Lived Assets We estimate the useful lives of long-lived assets and make estimates concerning undiscounted cash flows to review for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Fair value is measured using discounted cash flows or independent appraisals, as appropriate.

Intangible Assets Goodwill and other indefinite lived intangible assets are not subject to amortization and are tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Our estimates of fair value for goodwill impairment testing are determined based on a discounted cash flow model. We use inputs from our long-range planning process to determine growth rates for sales and profits. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors.

We evaluate the useful lives of our other intangible assets, mainly brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets. Intangible assets that are deemed to have definite lives are amortized on a straight-line basis, over their useful lives, generally ranging from 4 to 30 years. Our estimate of the fair value of our brand assets is based on a discounted cash flow model using inputs which include projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate.

As of May 31, 2015, we had $13.1 billion of goodwill and indefinite-lived intangible assets. While we currently believe that the fair value of each intangible exceeds its carrying value and that those intangibles so classified will contribute indefinitely to our cash flows, materially different assumptions regarding future performance of our businesses or a different weighted-average cost of capital (WACC) could result in significant impairment losses and amortization expense. We performed our fiscal 2015 assessment of our intangible assets as of November 24, 2014. As of our annual 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*, *Uncle Toby's*, and *Green Giant* brands. The excess fair value above the carrying value of these brand assets were as follows:

In Millions	Carrying Value	Excess Fair Value Above Carrying Value
Mountain High	$ 35.4	3%
Uncle Toby's	$ 57.7	7%
Green Giant	$425.9	13%

At the end of the fourth quarter of fiscal 2015, we made a strategic decision to redirect certain resources supporting our Green Giant business in our U.S. Retail segment to other businesses within the segment. Therefore, future sales and profitability projections in our long-range plan for this business declined. As a result of this triggering event, we performed an interim impairment assessment of the *Green Giant* brand intangible asset as of May 31, 2015, and determined that the fair value of the brand asset no longer exceeded the carrying value of the asset. Significant assumptions used in that assessment included our updated long-range cash flow projections for the Green Giant business, an updated royalty rate, a WACC, and a tax rate. We recorded a $260 million impairment charge in the fourth quarter of fiscal 2015 related to this asset.

Our Green Giant, Uncle Toby's and Mountain High brands have experienced declining business performance, and we will continue to monitor these businesses.

Redeemable Interest During the third quarter of fiscal 2015, we adjusted the redemption value of Sodiaal's redeemable interest in Yoplait SAS based on a discounted cash flow model. The significant assumptions used to estimate the redemption value include projected revenue growth and profitability from our long-range plan, capital spending, depreciation and taxes, foreign currency exchange rates, and a discount rate. As of May 31, 2015, the redemption value of the redeemable interest was $779 million.

Stock-based Compensation The valuation of stock options is a significant accounting estimate that requires us to use judgments and assumptions that are likely to have a material impact on our financial statements. Annually, we make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. For more information on these assumptions, please refer to Note 11 to the Consolidated Financial Statements on page 66 of this report.

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

	Fiscal Year		
	2015	2014	2013
Estimated fair values of stock options granted	$ 7.22	$ 6.03	$ 3.65
Assumptions:			
Risk-free interest rate	2.6%	2.6%	1.6%
Expected term	8.5 years	9.0 years	9.0 years
Expected volatility	17.5%	17.4%	17.3%
Dividend yield	3.1%	3.1%	3.5%

The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant. An increase in the expected term by 1 year, leaving all other assumptions constant, would increase the grant date fair value by 2 percent. If all other assumptions are held constant, a one percentage point increase in our fiscal 2015 volatility assumption would increase the grant date fair value of our fiscal 2015 option awards by 7 percent.

To the extent that actual outcomes differ from our assumptions, we are not required to true up grant-date fair value-based expense to final intrinsic values. However, these differences can impact the classification of cash tax benefits realized upon exercise of stock options, as explained in the following two paragraphs. Furthermore, historical data has a significant bearing on our forward-looking assumptions. Significant variances between actual and predicted experience could lead to prospective revisions in our assumptions, which could then significantly impact the year-over-year comparability of stock-based compensation expense.

Any corporate income tax benefit realized upon exercise or vesting of an award in excess of that previously recognized in earnings (referred to as a windfall tax benefit) is presented in the Consolidated Statements of Cash Flows as a financing cash flow. The actual impact on future years' financing cash flows will depend, in part, on the volume of employee stock option exercises during a particular year and the relationship between the exercise-date market value of the underlying stock and the original grant-date fair value previously determined for financial reporting purposes.

Realized windfall tax benefits are credited to additional paid-in capital within the Consolidated Balance Sheets. Realized shortfall tax benefits (amounts which are less than that previously recognized in earnings) are first offset against the cumulative balance of windfall tax benefits, if any, and then charged directly to income tax expense, potentially resulting in volatility in our consolidated effective income tax rate. We calculated a cumulative amount of windfall tax benefits for the purpose of accounting for future shortfall tax benefits and currently have sufficient cumulative windfall tax benefits to absorb projected arising shortfalls, such that we do not currently expect future earnings to be affected by this provision. However, as employee stock option exercise behavior is not within our control, it is possible that materially different reported results could occur if different assumptions or conditions were to prevail.

Income Taxes We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the quarter of such change. For more information on income taxes, please refer to Note 14 to the Consolidated Financial Statements on page 76 of this report.

Defined Benefit Pension, Other Postretirement Benefit, and Postemployment Benefit Plans We have defined benefit pension plans covering many employees in the United States, Canada, France, and the United Kingdom. We also sponsor plans that provide health care benefits to many of our retirees in the United States, Canada, and Brazil. Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States, Canada, and Mexico, and members of our Board of Directors, including severance and certain other benefits payable upon death. Please refer to Note 13 to the Consolidated Financial

Statements on page 69 of this report for a description of our defined benefit pension, other postretirement benefit, and postemployment benefit plans.

We recognize benefits provided during retirement or following employment over the plan participants' active working lives. Accordingly, we make various assumptions to predict and measure costs and obligations many years prior to the settlement of our obligations. Assumptions that require significant management judgment and have a material impact on the measurement of our net periodic benefit expense or income and accumulated benefit obligations include the long-term rates of return on plan assets, the interest rates used to discount the obligations for our benefit plans, and health care cost trend rates.

Expected Rate of Return on Plan Assets Our expected rate of return on plan assets is determined by our asset allocation, our historical long-term investment performance, our estimate of future long-term returns by asset class (using input from our actuaries, investment services, and investment managers), and long-term inflation assumptions. We review this assumption annually for each plan, however, our annual investment performance for one particular year does not, by itself, significantly influence our evaluation.

Our historical investment returns (compound annual growth rates) for our United States defined benefit pension and other postretirement benefit plan assets were 6.5 percent, 11.7 percent, 8.1 percent, 7.8 percent, and 9.6 percent for the 1, 5, 10, 15, and 20 year periods ended May 31, 2015.

On a weighted-average basis, the expected rate of return for all defined benefit plans was 8.53 percent for fiscal 2015, 8.53 percent for fiscal 2014, and 8.53 percent for fiscal 2013.

Lowering the expected long-term rate of return on assets by 100 basis points would increase our net pension and postretirement expense by $62 million for fiscal 2016. A market-related valuation basis is used to reduce year-to-year expense volatility. The market-related valuation recognizes certain investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. Our outside actuaries perform these calculations as part of our determination of annual expense or income.

Discount Rates Our discount rate assumptions are determined annually as of the last day of our fiscal year for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.

Our weighted-average discount rates were as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Postemployment Benefit Plans
Obligations as of May 31, 2015, and fiscal 2016 expense	4.38%	4.20%	3.55%
Obligations as of May 25, 2014, and fiscal 2015 expense	4.54%	4.51%	3.82%
Fiscal 2014 expense	4.54%	4.52%	3.70%

Lowering the discount rates by 100 basis points would increase our net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense for fiscal 2016 by approximately $167 million. All obligation-related experience gains and losses are amortized using a straight-line method over the average remaining service period of active plan participants.

Health Care Cost Trend Rates We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 7.3 percent for retirees age 65 and over and 6.5 percent for retirees under age 65 at the end of fiscal 2015. Rates are graded down annually until the ultimate trend rate of 5.0 percent is reached in 2025 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits

increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

A one percentage point change in the health care cost trend rate would have the following effects:

In Millions	One Percentage Point Increase	One Percentage Point Decrease
Effect on the aggregate of the service and interest cost components in fiscal 2016	$ 3.7	$ (3.2)
Effect on the other postretirement accumulated benefit obligation as of May 31, 2015	77.1	(68.9)

Any arising health care claims cost-related experience gain or loss is recognized in the calculation of expected future claims. Once recognized, experience gains and losses are amortized using a straight-line method over 15 years, resulting in at least the minimum amortization required being recorded.

Financial Statement Impact In fiscal 2015, we recorded net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense of $153 million compared to $140 million of expense in fiscal 2014 and $159 million of expense in fiscal 2013. As of May 31, 2015, we had cumulative unrecognized actuarial net losses of $1.7 billion on our defined benefit pension plans and $81 million on our postretirement and postemployment benefit plans, mainly as the result of liability increases from lower interest rates, partially offset by recent increases in the values of plan assets. These unrecognized actuarial net losses will result in increases in our future pension and postretirement benefit expenses because they currently exceed the corridors defined by GAAP.

Assumed mortality rates of plan participants are a critical estimate in measuring the expected payments a participant will receive over their lifetime and the amount of expense we recognize. On October 27, 2014, the Society of Actuaries published RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014, which both reflect improved longevity. We adopted the change to the mortality assumptions to remeasure our defined benefit pension plans and other postretirement benefit plans obligations, which increased the total of these obligations by $437 million. In addition, these assumptions increased the fiscal 2016 expense associated with these plans by $72 million.

Actual future net defined benefit pension, other postretirement benefit, and postemployment benefit plan income or expense will depend on investment performance, changes in future discount rates, changes in health care cost trend rates, and other factors related to the populations participating in these plans.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2015, the Financial Accounting Standards Board (FASB) issued new accounting requirements for the presentation of certain investments using the net asset value, providing a practical expedient to exclude such investments from categorization within the fair value hierarchy and make a 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 April 2015, the FASB issued new accounting requirements that permit reporting entities with a fiscal year-end that does not coincide with a month-end to apply a practical expedient to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply the practice consistently to all plans. 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 May 2014, the FASB issued new accounting requirements for the recognition of revenue from contracts with customers. 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 2018. We do not expect this guidance

to have a material impact on our results of operations or financial position.

In June 2014, the 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 Rates 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 is calculated as follows:

	Fiscal	
	2015	**2014**
Percentage change in total net sales	(2)%	1 %
Impact of foreign currency exchange	(3)pts	(1)pts
Percentage change in total net sales on a constant-currency basis	1 %	2 %

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:

Per Share Data	2015	2014	Fiscal Year Change	2013	2012	2011
Diluted earnings per share, as reported	$1.97	$ 2.83	(30)%	$ 2.79	$2.35	$ 2.70
Mark-to-market effects [(a)]	0.09	(0.05)		—	0.10	(0.09)
Divestiture gain, net [(b)]	—	(0.06)		—	—	—
Tax items [(c)]	0.13	—		(0.13)	—	(0.13)
Acquisition integration costs [(d)]	0.02	—		0.01	0.01	—
Venezuela currency devaluation [(e)]	0.01	0.09		0.03	—	—
Restructuring costs [(f)]	0.35	0.01		0.02	0.10	—
Project-related costs [(f)]	0.01	—		—	—	—
Indefinite-lived intangible asset impairment [(g)]	0.28	—		—	—	—
Diluted earnings per share, excluding certain items affecting comparability	$2.86	$ 2.82	1%	$ 2.72	$2.56	$ 2.48
Foreign currency exchange impact			(3)pts			
Diluted earnings per share growth, excluding certain items affecting comparability, on a constant-currency basis			4%			

(a) See Note 7 to the Consolidated Financial Statements on page 52 of this report.

(b) See Note 3 to the Consolidated Financial Statements on page 47 of this report.

(c) The fiscal 2015 tax item is related to the one-time repatriation of foreign earnings in fiscal 2015. The fiscal 2013 tax items consist of a reduction to income taxes related to the restructuring of our GMC subsidiary and an increase to income taxes related to the liquidation of a corporate investment. Additionally, fiscal 2013 includes changes in deferred taxes associated with the Medicare Part D subsidies related to the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. The fiscal 2011 tax item represents the effects of court decisions and audit settlements on uncertain tax matters.

(d) Integration costs resulting from the acquisitions of Annie's in fiscal 2015, Yoki in fiscal 2013, and Yoplait SAS and Yoplait Marques SNC in fiscal 2012.

(e) See Note 7 to the Consolidated Financial Statements on page 52 of this report.

(f) See Note 4 to the Consolidated Financial Statements on page 48 of this report.

(g) See Note 6 to the Consolidated Financial Statements on page 51 of this report.

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 total segment operating profit to operating profit, the relevant GAAP measure, is included in Note 16 to the Consolidated Financial Statements on page 78 of this report.

Total segment operating profit growth rate on a constant-currency basis is calculated as follows:

	Fiscal 2015	2014
Percentage change in total segment operating profit as reported	(4)%	(2)%
Impact of foreign currency exchange	(2)pts	(1)pt
Percentage change in total segment operating profit on a constant-currency basis	(2)%	(1)%

Net Sales Growth Rates for Our International Segment on Constant-Currency Basis We believe this measure of our International segment and region net sales provides useful information to investors because it provides transparency to the underlying performance by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

	Fiscal 2015			Fiscal 2014		
	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on Constant Currency Basis	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on Constant Currency Basis
Europe	(3)%	(8)pts	5%	(1)%	3 pts	(4)%
Canada	(8)	(8)	Flat	(1)	(6)	5
Asia/Pacific	4	(1)	5	9	—	9
Latin America	(14)	(31)	17	16	(22)	38
Total International	(5)%	(11)pts	6%	4%	(4) pts	8%

Constant Currency International Segment Operating Profit Growth Rate 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 rate on a constant-currency basis is calculated as follows:

	Fiscal 2015	Fiscal 2014
Percentage change in International segment operating profit as reported	(2)%	4 %
Impact of foreign currency exchange	(11)pts	(6)pts
Percentage change in International segment operating profit on a constant-currency basis	9 %	10 %

Constant Currency Joint Venture Earnings After Tax Growth Rate 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 rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

	Percentage Change in After-tax Earnings From Joint Ventures as Reported	Impact of Foreign Currency Exchange	Percentage Change in After-tax Earnings From Joint Ventures on a Constant Currency Basis
Total Joint Ventures	(6)%	(6) pts	Flat

Return on Average Total Capital Change in return on average total capital is a measure used in reporting to our executive management and as a component of the Board of Director's measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it is important for assessing the utilization of capital and it eliminates certain items that affect year-to-year comparability.

In Millions	Fiscal Year 2015	2014	2013	2012	2011	2010
Net earnings, including earnings attributable to redeemable and noncontrolling interests	$ 1,259.4	$ 1,861.3	$ 1,892.5	$ 1,589.1	$ 1,803.5	
Interest, net, after-tax	199.8	190.9	201.2	238.9	243.5	
Earnings before interest, after-tax	1,459.2	2,052.2	2,093.7	1,828.0	2,047.0	
Mark-to-market effects	56.5	(30.5)	(2.8)	65.6	(60.0)	
Divestiture gain, net	—	(36.0)	—	—	—	
Tax items	78.6	—	(85.4)	—	(88.9)	
Acquisition integration costs	10.4	—	8.8	9.7	—	
Venezuela currency devaluation	8.0	57.8	20.8	—	—	
Restructuring costs	217.7	3.6	15.9	64.3	—	
Project-related costs	8.3	—	—	—	—	
Indefinite-lived intangible impairment	176.9	—	—	—	—	
Earnings before interest, after-tax for return on capital calculation	$ 2,015.6	$ 2,047.1	$ 2,051.0	$ 1,967.6	$ 1,898.1	
Current portion of long-term debt	$ 1,000.4	$ 1,250.6	$ 1,443.3	$ 741.2	$ 1,031.3	$ 107.3
Notes payable	615.8	1,111.7	599.7	526.5	311.3	1,050.1
Long-term debt	7,607.7	6,423.5	5,926.1	6,161.9	5,542.5	5,268.5
Total debt	9,223.9	8,785.8	7,969.1	7,429.6	6,885.1	6,425.9
Redeemable interest	778.9	984.1	967.5	847.8	—	—
Noncontrolling interests	396.0	470.6	456.3	461.0	246.7	245.1
Stockholders' equity	4,996.7	6,534.8	6,672.2	6,421.7	6,365.5	5,402.9
Total capital	15,395.5	16,775.3	16,065.1	15,160.1	13,497.3	12,073.9
Accumulated other comprehensive loss	2,310.7	1,340.3	1,585.3	1,743.7	1,010.8	1,486.9
After-tax earnings adjustments [(a)]	347.1	(209.3)	(204.2)	(161.5)	(301.1)	(152.2)
Adjusted total capital	$ 18,053.3	$ 17,906.3	$ 17,446.2	$ 16,742.3	$ 14,207.0	$ 13,408.6
Adjusted average total capital	$ 17,979.8	$ 17,676.2	$ 17,094.2	$ 15,474.6	$ 13,807.8	
Return on average total capital	11.2%	11.6%	12.0%	12.7%	13.7%	
Change in return on average total capital	(40) bps					
Foreign currency exchange impact	(20) bps					
Change in return on average total capital on a constant-currency basis	(20) bps					

(a) Sum of current year and previous year after-tax adjustments.

Adjusted Gross Margin We believe that this measure provides useful information to investors because it provides transparency to underlying gross margin performance by excluding the effects of items resulting from infrequently occurring events or items that, in management's judgment, significantly affect the year-over-year assessment of operating results.

In Millions	Fiscal Year 2015	2014	2013	2012	2011	2010	2009	2008
Net sales	$17,630.3	$17,909.6	$17,774.1	$16,657.9	$14,880.2	$14,635.6	$14,555.8	$13,548.0
Gross margin as reported	5,949.2	6,369.8	6,423.9	6,044.7	5,953.5	5,800.2	5,174.9	4,816.2
Mark-to-market effects	89.7	(48.5)	(4.4)	104.2	(95.2)	7.1	118.9	(57.0)
Restructuring charges	59.6	—	—	—	—	—	—	—
Project-related costs	13.2	—	—	—	—	—	—	—
Venezuela currency devaluation	3.2	22.6	16.0	—	—	—	—	—
Adjusted gross margin	$ 6,114.9	$ 6,343.9	$ 6,435.5	$ 6,148.9	$ 5,858.3	$ 5,807.3	$ 5,293.8	$ 4,759.2
Gross margin % of net sales								
As reported	33.7%	35.6%	36.1%	36.3%	40.0%	39.6%	35.6%	35.5%
As adjusted	34.7%	35.4%	36.2%	36.9%	39.4%	39.7%	36.4%	35.1%

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 SEC 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 identify "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.

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 savings initiatives; volatility in the market value of derivatives used to manage price risk for certain commodities; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure or breach of our information technology systems; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war.

You should also consider the risk factors that we identify in Item 1A of our 2015 Form 10-K, 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.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk stemming from changes in interest and foreign exchange rates and commodity and equity prices. Changes in these factors could cause fluctuations in our earnings and cash flows. In the normal course of business, we actively manage our exposure to these market risks by entering into various hedging transactions, authorized under established policies that place clear controls on these activities. The counterparties in these transactions are generally highly rated institutions. We establish credit limits for each counterparty. Our hedging transactions include but are not limited to a variety of derivative financial instruments. For information on interest rate, foreign exchange, commodity price, and equity instrument risk, please see Note 7 to the Consolidated Financial Statements on page 52 of this report.

VALUE AT RISK

The estimates in the table below are intended to measure the maximum potential fair value we could lose in one day from adverse changes in market interest rates, foreign exchange rates, commodity prices, and equity prices under normal market conditions. A Monte Carlo value-at-risk (VAR) methodology was used to quantify the market risk for our exposures. The models assumed normal market conditions and used a 95 percent confidence level.

The VAR calculation used historical interest and foreign exchange rates, and commodity and equity prices from the past year to estimate the potential volatility and correlation of these rates in the future. The market data were drawn from the RiskMetrics™ data set. The calculations are not intended to represent actual losses in fair value that we expect to incur. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, we would expect that any loss or gain in the fair value of our derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposure. The positions included in the calculations were: debt; investments; interest rate swaps; foreign exchange forwards; commodity swaps, futures and options; and equity instruments. The calculations do not include the underlying foreign exchange and commodities or equity-related positions that are offset by these market-risk-sensitive instruments.

The table below presents the estimated maximum potential VAR arising from a one-day loss in fair value for our interest rate, foreign currency, commodity, and equity market-risk-sensitive instruments outstanding as of May 31, 2015, and May 25, 2014, and the average fair value impact during the year ended May 31, 2015.

	Fair Value Impact		
In Millions	**May 31, 2015**	**Average During fiscal 2015**	**May 25, 2014**
Interest rate instruments	$25.1	$23.7	$32.7
Foreign currency instruments	17.9	8.8	7.2
Commodity instruments	3.7	3.7	3.0
Equity instruments	1.2	1.2	1.1

REPORT OF MANAGEMENT RESPONSIBILITIES

The management of General Mills, Inc. is responsible for the fairness and accuracy of the consolidated financial statements. The statements have been prepared in accordance with accounting principles that are generally accepted in the United States, using management's best estimates and judgments where appropriate. The financial information throughout the Annual Report on Form 10-K is consistent with our consolidated financial statements.

Management has established a system of internal controls that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately in all material respects, in accordance with management's authorization. We maintain a strong audit program that independently evaluates the adequacy and effectiveness of internal controls. Our internal controls provide for appropriate separation of duties and responsibilities, and there are documented policies regarding use of our assets and proper financial reporting. These formally stated and regularly communicated policies demand highly ethical conduct from all employees.

The Audit Committee of the Board of Directors meets regularly with management, internal auditors, and our independent registered public accounting firm to review internal control, auditing, and financial reporting matters. The independent registered public accounting firm, internal auditors, and employees have full and free access to the Audit Committee at any time.

The Audit Committee reviewed and approved the Company's annual financial statements. The Audit Committee recommended, and the Board of Directors approved, that the consolidated financial statements be included in the Annual Report. The Audit Committee also appointed KPMG LLP to serve as the Company's independent registered public accounting firm for fiscal 2016.

K. J. Powell
Chairman of the Board
and Chief Executive Officer

D. L. Mulligan
Executive Vice President
and Chief Financial
Officer

July 6, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
General Mills, Inc.:

We have audited the accompanying consolidated balance sheets of General Mills, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014, and the related consolidated statements of earnings, comprehensive income, total equity and redeemable interest, and cash flows for each of the fiscal years in the three-year period ended May 31, 2015. In connection with our audits of the consolidated financial statements, we have audited the accompanying financial statement schedule. We also have audited General Mills, Inc.'s internal control over financial reporting as of May 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). General Mills, Inc.'s management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness

of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Mills, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended May 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the accompanying financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, General Mills, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013) issued* by the Committee of Sponsoring Organizations of the Treadway Commission.

Minneapolis, Minnesota
July 6, 2015

Consolidated Statements of Earnings

GENERAL MILLS, INC. AND SUBSIDIARIES

	Fiscal Year		
In Millions, Except per Share Data	**2015**	**2014**	**2013**
Net sales	$ 17,630.3	$ 17,909.6	$ 17,774.1
Cost of sales	11,681.1	11,539.8	11,350.2
Selling, general, and administrative expenses	3,328.0	3,474.3	3,552.3
Divestiture (gain)	—	(65.5)	—
Restructuring, impairment, and other exit costs	543.9	3.6	19.8
Operating profit	2,077.3	2,957.4	2,851.8
Interest, net	315.4	302.4	316.9
Earnings before income taxes and after-tax earnings from joint ventures	1,761.9	2,655.0	2,534.9
Income taxes	586.8	883.3	741.2
After-tax earnings from joint ventures	84.3	89.6	98.8
Net earnings, including earnings attributable to redeemable and noncontrolling interests	1,259.4	1,861.3	1,892.5
Net earnings attributable to redeemable and noncontrolling interests	38.1	36.9	37.3
Net earnings attributable to General Mills	$ 1,221.3	$ 1,824.4	$ 1,855.2
Earnings per share - basic	$ 2.02	$ 2.90	$ 2.86
Earnings per share - diluted	$ 1.97	$ 2.83	$ 2.79
Dividends per share	$ 1.67	$ 1.55	$ 1.32

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

GENERAL MILLS, INC. AND SUBSIDIARIES

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Net earnings, including earnings attributable to redeemable and noncontrolling interests	$ 1,259.4	$ 1,861.3	$ 1,892.5
Other comprehensive income (loss), net of tax:			
Foreign currency translation	(957.9)	(11.3)	0.8
Net actuarial income (loss)	(358.4)	206.0	45.0
Other fair value changes:			
Securities	0.8	0.3	0.8
Hedge derivatives	4.1	5.0	24.6
Reclassification to earnings:			
Hedge derivatives	4.9	(4.6)	12.2
Amortization of losses and prior service costs	105.1	107.6	98.8
Other comprehensive income (loss), net of tax	(1,201.4)	303.0	182.2
Total comprehensive income	58.0	2,164.3	2,074.7
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	(192.9)	94.9	61.1
Comprehensive income attributable to General Mills	$ 250.9	$ 2,069.4	$ 2,013.6

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

GENERAL MILLS, INC. AND SUBSIDIARIES

In Millions, Except Par Value	May 31, 2015	May 25, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 334.2	$ 867.3
Receivables	1,386.7	1,483.6
Inventories	1,540.9	1,559.4
Deferred income taxes	100.1	74.1
Prepaid expenses and other current assets	423.8	409.1
Total current assets	3,785.7	4,393.5
Land, buildings, and equipment	3,783.3	3,941.9
Goodwill	8,874.9	8,650.5
Other intangible assets	4,677.0	5,014.3
Other assets	843.6	1,145.5
Total assets	$ 21,964.5	$ 23,145.7
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,684.0	$ 1,611.3
Current portion of long-term debt	1,000.4	1,250.6
Notes payable	615.8	1,111.7
Other current liabilities	1,589.9	1,449.9
Total current liabilities	4,890.1	5,423.5
Long-term debt	7,607.7	6,423.5
Deferred income taxes	1,550.3	1,666.0
Other liabilities	1,744.8	1,643.2
Total liabilities	15,792.9	15,156.2
Redeemable interest	778.9	984.1
Stockholders' equity:		
Common stock, 754.6 shares issued, $0.10 par value	75.5	75.5
Additional paid-in capital	1,296.7	1,231.8
Retained earnings	11,990.8	11,787.2
Common stock in treasury, at cost, shares of 155.9 and 142.3	(6,055.6)	(5,219.4)
Accumulated other comprehensive loss	(2,310.7)	(1,340.3)
Total stockholders' equity	4,996.7	6,534.8
Noncontrolling interests	396.0	470.6
Total equity	5,392.7	7,005.4
Total liabilities and equity	$ 21,964.5	$ 23,145.7

See accompanying notes to consolidated financial statements.

Consolidated Statements of Total Equity and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

	$.10 Par Value Common Stock (One Billion Shares Authorized)									
	Issued			Treasury						
In Millions, Except per Share Data	**Shares**	**Par Amount**	**Additional Paid-In Capital**	**Shares**	**Amount**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total Equity**	**Redeemable Interest**
Balance as of May 27, 2012	754.6	$75.5	$1,308.4	(106.1)	$(3,177.0)	$ 9,958.5	$(1,743.7)	$461.0	$6,882.7	$ 847.8
Total comprehensive income						1,855.2	158.4	18.3	2,031.9	42.8
Cash dividends declared ($1.70 per share)						(1,111.1)			(1,111.1)	
Shares purchased			(30.0)	(24.2)	(1,014.9)				(1,044.9)	
Stock compensation plans (includes income tax benefits of $103.0)			(38.6)	16.5	504.7				466.1	
Unearned compensation related to restricted stock unit awards			(80.5)						(80.5)	
Earned compensation			100.4						100.4	
Increase in redemption value of redeemable interest			(93.1)						(93.1)	93.1
Distributions to noncontrolling interest holders								(23.0)	(23.0)	(16.2)
Balance as of May 26, 2013	754.6	75.5	1,166.6	(113.8)	(3,687.2)	10,702.6	(1,585.3)	456.3	7,128.5	967.5
Total comprehensive income						1,824.4	245.0	24.9	2,094.3	70.0
Cash dividends declared ($1.17 per share)						(739.8)			(739.8)	
Shares purchased			30.0	(35.6)	(1,775.3)				(1,745.3)	
Stock compensation plans (includes income tax benefits of $69.3)			13.8	7.1	243.1				256.9	
Unearned compensation related to restricted stock unit awards			(91.3)						(91.3)	
Earned compensation			108.5						108.5	
Decrease in redemption value of redeemable interest			4.2						4.2	(4.2)
Addition of noncontrolling interest								17.6	17.6	
Distributions to noncontrolling interest holders								(28.2)	(28.2)	(49.2)
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 redeemable and noncontrolling 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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

GENERAL MILLS, INC. AND SUBSIDIARIES

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Cash Flows - Operating Activities			
Net earnings, including earnings attributable to redeemable and noncontrolling interests	$ 1,259.4	$ 1,861.3	$ 1,892.5
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	588.3	585.4	588.0
After-tax earnings from joint ventures	(84.3)	(89.6)	(98.8)
Distributions of earnings from joint ventures	72.6	90.5	115.7
Stock-based compensation	106.4	108.5	100.4
Deferred income taxes	25.3	172.5	81.8
Tax benefit on exercised options	(74.6)	(69.3)	(103.0)
Pension and other postretirement benefit plan contributions	(49.5)	(49.7)	(223.2)
Pension and other postretirement benefit plan costs	91.3	124.1	131.2
Divestiture (gain)	—	(65.5)	—
Restructuring, impairment, and other exit costs	531.1	(18.8)	(60.2)
Changes in current assets and liabilities, excluding the effects of acquisitions	214.7	(32.2)	471.1
Other, net	(137.9)	(76.2)	30.5
Net cash provided by operating activities	2,542.8	2,541.0	2,926.0
Cash Flows - Investing Activities			
Purchases of land, buildings, and equipment	(712.4)	(663.5)	(613.9)
Acquisitions, net of cash acquired	(822.3)	—	(898.0)
Investments in affiliates, net	(102.4)	(54.9)	(40.4)
Proceeds from disposal of land, buildings, and equipment	11.0	6.6	24.2
Proceeds from divestiture	—	121.6	—
Exchangeable note	27.9	29.3	16.2
Other, net	(4.0)	(0.9)	(3.5)
Net cash used by investing activities	(1,602.2)	(561.8)	(1,515.4)
Cash Flows - Financing Activities			
Change in notes payable	(509.8)	572.9	(44.5)
Issuance of long-term debt	2,253.2	1,673.0	1,001.1
Payment of long-term debt	(1,145.8)	(1,444.8)	(542.3)
Proceeds from common stock issued on exercised options	163.7	108.1	300.8
Tax benefit on exercised options	74.6	69.3	103.0
Purchases of common stock for treasury	(1,161.9)	(1,745.3)	(1,044.9)
Dividends paid	(1,017.7)	(983.3)	(867.6)
Addition of noncontrolling interest	—	17.6	—
Distributions to noncontrolling and redeemable interest holders	(25.0)	(77.4)	(39.2)
Other, net	(16.1)	(14.2)	(6.6)
Net cash used by financing activities	(1,384.8)	(1,824.1)	(1,140.2)
Effect of exchange rate changes on cash and cash equivalents	(88.9)	(29.2)	(0.2)
Increase (decrease) in cash and cash equivalents	(533.1)	125.9	270.2
Cash and cash equivalents - beginning of year	867.3	741.4	471.2
Cash and cash equivalents - end of year	$ 334.2	$ 867.3	$ 741.4
Cash Flow from Changes in Current Assets and Liabilities, excluding the effects of acquisitions:			
Receivables	$ 6.8	$ (41.0)	$ (44.6)
Inventories	(24.2)	(88.3)	18.7
Prepaid expenses and other current assets	(50.5)	10.5	(64.3)
Accounts payable	145.8	191.5	263.6
Other current liabilities	136.8	(104.9)	297.7
Changes in current assets and liabilities	$ 214.7	$ (32.2)	$ 471.1

See accompanying notes to consolidated financial statements.

GENERAL MILLS, INC. AND SUBSIDIARIES

NOTE 1. BASIS OF PRESENTATION AND RECLASSIFICATIONS

Basis of Presentation Our Consolidated Financial Statements include the accounts of General Mills, Inc. and all subsidiaries in which we have a controlling financial interest. Intercompany transactions and accounts, including any noncontrolling and redeemable interests' share of those transactions, are eliminated in consolidation.

Our fiscal year ends on the last Sunday in May. Fiscal year 2015 consisted of 53 weeks, while fiscal years 2014 and 2013 consisted of 52 weeks.

Change in Reporting Period As part of a long-term plan to conform the fiscal year ends of all our operations, in fiscal 2013 we changed the reporting period of Europe and Australia within our International segment from an April fiscal year end to a May fiscal year end to match our fiscal calendar. Accordingly, in the year of change, our results included 13 months of results from the affected operations compared to 12 months in following fiscal years. The impact of these changes was not material to our consolidated results of operations. Our Yoplait SAS, Yoplait Marques SNC, Yoki Alimentos S.A. (Yoki), and India businesses remain on an April fiscal year end.

Certain reclassifications to our previously reported financial information have been made to conform to the current period presentation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents We consider all investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories All inventories in the United States other than grain are valued at the lower of cost, using the last-in, first-out (LIFO) method, or market. Grain inventories and all related cash contracts and derivatives are valued at market with all net changes in value recorded in earnings currently.

Inventories outside of the United States are generally valued at the lower of cost, using the first-in, first-out (FIFO) method, or market.

Shipping costs associated with the distribution of finished product to our customers are recorded as cost of sales, and are recognized when the related finished product is shipped to and accepted by the customer.

Land, Buildings, Equipment, and Depreciation Land is recorded at historical cost. Buildings and equipment, including capitalized interest and internal engineering costs, are recorded at cost and depreciated over estimated useful lives, primarily using the straight-line method. Ordinary maintenance and repairs are charged to cost of sales. Buildings are usually depreciated over 40 to 50 years, and equipment, furniture, and software are usually depreciated over 3 to 10 years. Fully depreciated assets are retained in buildings and equipment until disposal. When an item is sold or retired, the accounts are relieved of its cost and related accumulated depreciation and the resulting gains and losses, if any, are recognized in earnings. As of May 31, 2015, assets held for sale were insignificant.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group over its fair value. Fair value is measured using a discounted cash flow model or independent appraisals, as appropriate.

Goodwill and Other Intangible Assets Goodwill is not subject to amortization and is tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Impairment testing is performed for each of our reporting units. We compare the carrying value of a reporting unit, including goodwill, to the fair value of the unit. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit, which often requires allocation of shared or corporate items among reporting units. If the carrying amount of a reporting unit exceeds its fair value, we revalue all assets and liabilities of the reporting unit, excluding goodwill, to determine if the fair value of the net assets is greater than the net assets including goodwill. If the

fair value of the net assets is less than the carrying amount of net assets including goodwill, impairment has occurred. Our estimates of fair value are determined based on a discounted cash flow model. Growth rates for sales and profits are determined using inputs from our long-range planning process. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors.

We evaluate the useful lives of our other intangible assets, mainly brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets. Intangible assets that are deemed to have definite lives are amortized on a straight-line basis, over their useful lives, generally ranging from 4 to 30 years.

Our indefinite-lived intangible assets, mainly intangible assets primarily associated with the *Pillsbury*, *Totino's*, *Progresso*, *Green Giant*, *Yoplait*, *Old El Paso*, *Yoki*, *Häagen-Dazs*, and *Annie's* brands, are also tested for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Our estimate of the fair value of the brands is based on a discounted cash flow model using inputs which included projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate.

Our finite-lived intangible assets, primarily acquired franchise agreements and customer relationships, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the operation and disposition of the asset are less than the carrying amount of the asset. Assets generally have identifiable cash flows and are largely independent of other assets. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset over its fair value. Fair value is measured using a discounted cash flow model or other similar valuation model, as appropriate.

Investments in Unconsolidated Joint Ventures Our investments in companies over which we have the ability to exercise significant influence are stated at cost plus our share of undistributed earnings or losses. We receive royalty income from certain joint ventures, incur various expenses (primarily research and development), and record the tax impact of certain joint venture operations that are structured as partnerships. In addition, we make advances to our joint ventures in the form of loans or capital investments. We also sell certain raw materials, semi-finished goods, and finished goods to the joint ventures, generally at market prices.

In addition, we assess our investments in our joint ventures if we have reason to believe an impairment may have occurred including, but not limited to, ongoing operating losses, projected decreases in earnings, increases in the weighted average cost of capital or significant business disruptions. The significant assumptions used to estimate fair value include revenue growth and profitability, royalty rates, capital spending, depreciation and taxes, foreign currency exchange rates, and a discount rate. By their nature, these projections and assumptions are uncertain. If we were to determine the current fair value of our investment was less than the carrying value of the investment, then we would assess if the shortfall was of a temporary or permanent nature and write down the investment to its fair value if we concluded the impairment is other than temporary.

Redeemable Interest We have a 51 percent controlling interest in Yoplait SAS, a consolidated entity. Sodiaal International (Sodiaal) holds the remaining 49 percent interest in Yoplait SAS. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value through a maximum term expiring December 2020. This put option requires us to classify Sodiaal's interest as a redeemable interest outside of equity on our Consolidated Balance Sheets for as long as the put is exercisable by Sodiaal. When the put is no longer exercisable, the redeemable interest will be reclassified to noncontrolling interests on our Consolidated Balance Sheets. 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. During the third quarter of fiscal 2015, we adjusted the redeemable interest's redemption value based on a discounted cash flow model. The significant assumptions

used to estimate the redemption value include projected revenue growth and profitability from our long-range plan, capital spending, depreciation, taxes, foreign currency exchange rates, and a discount rate.

Revenue Recognition We recognize sales revenue when the shipment is accepted by our customer. Sales include shipping and handling charges billed to the customer and are reported net of consumer coupon redemption, trade promotion and other costs, including estimated allowances for returns, unsalable product, and prompt pay discounts. Sales, use, value-added, and other excise taxes are not recognized in revenue. Coupons are recorded when distributed, based on estimated redemption rates. Trade promotions are recorded based on estimated participation and performance levels for offered programs at the time of sale. We generally do not allow a right of return. However, on a limited case-by-case basis with prior approval, we may allow customers to return product. In limited circumstances, product returned in saleable condition is resold to other customers or outlets. Receivables from customers generally do not bear interest. Terms and collection patterns vary around the world and by channel. The allowance for doubtful accounts represents our estimate of probable non-payments and credit losses in our existing receivables, as determined based on a review of past due balances and other specific account data. Account balances are written off against the allowance when we deem the amount is uncollectible.

Environmental Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed. Liabilities for anticipated remediation costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or our commitment to a plan of action.

Advertising Production Costs We expense the production costs of advertising the first time that the advertising takes place.

Research and Development All expenditures for research and development (R&D) are charged against earnings in the year incurred. R&D includes expenditures for new product and manufacturing process innovation, and the annual expenditures are comprised primarily of internal salaries, wages, consulting, and other supplies attributable to time spent on R&D activities. Other costs include depreciation and maintenance of research facilities, including assets at facilities that are engaged in pilot plant activities.

Foreign Currency Translation For all significant foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the period-end exchange rates. Income statement accounts are translated using the average exchange rates prevailing during the period. Translation adjustments are reflected within accumulated other comprehensive loss (AOCI) in stockholders' equity. Gains and losses from foreign currency transactions are included in net earnings for the period, except for gains and losses on investments in subsidiaries for which settlement is not planned for the foreseeable future and foreign exchange gains and losses on instruments designated as net investment hedges. These gains and losses are recorded in AOCI.

Derivative Instruments All derivatives are recognized on the Consolidated Balance Sheets at fair value based on quoted market prices or our estimate of their fair value, and are recorded in either current or noncurrent assets or liabilities based on their maturity. Changes in the fair values of derivatives are recorded in net earnings or other comprehensive income, based on whether the instrument is designated and effective as a hedge transaction and, if so, the type of hedge transaction. Gains or losses on derivative instruments reported in AOCI are reclassified to earnings in the period the hedged item affects earnings. If the underlying hedged transaction ceases to exist, any associated amounts reported in AOCI are reclassified to earnings at that time. Any ineffectiveness is recognized in earnings in the current period.

Stock-based Compensation We generally measure compensation expense for grants of restricted stock units using the value of a share of our stock on the date of grant. We estimate the value of stock option grants using a Black-Scholes valuation model. Stock compensation is recognized straight line over the vesting period. Our stock compensation expense is recorded in selling, general and administrative (SG&A) expenses and cost of sales in the Consolidated Statements of Earnings and allocated to each reportable segment in our segment results.

Certain equity-based compensation plans contain provisions that accelerate vesting of awards upon retirement, termination, or death of eligible employees and directors. We consider a stock-based award to be vested when the employee's retention of the award is no longer contingent on providing subsequent service. Accordingly, the related compensation cost is recognized immediately for awards granted to retirement-eligible individuals or over the period from the grant date to the date retirement eligibility is achieved, if less than the stated vesting period.

We report the benefits of tax deductions in excess of recognized compensation cost as a financing cash flow, thereby reducing net operating cash flows and increasing net financing cash flows.

Defined Benefit Pension, Other Postretirement Benefit, and Postemployment Benefit Plans We sponsor several domestic and foreign defined benefit plans to provide pension, health care, and other welfare benefits to retired employees. Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States and Canada and members of our Board of Directors, including severance and certain other benefits payable upon death. We recognize an obligation for any of these benefits that vest or accumulate with service. Postemployment benefits that do not vest or accumulate with service (such as severance based solely on annual pay rather than years of service) are charged to expense when incurred. Our postemployment benefit plans are unfunded.

We recognize the underfunded or overfunded status of a defined benefit pension plan as an asset or liability and recognize changes in the funded status in the year in which the changes occur through AOCI.

Use of Estimates Preparing our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. 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. Actual results could differ from our estimates.

NOTE 3. ACQUISITION AND DIVESTITURE

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.

During the fourth quarter of fiscal 2014, we sold certain grain elevators in our U.S. Retail segment for $124.0 million in cash and recorded a pre-tax gain of $65.5 million.

NOTE 4. RESTRUCTURING, IMPAIRMENT, AND OTHER EXIT COSTS

Intangible Asset Impairment In fiscal 2015, we recorded a $260 million charge related to the impairment of our *Green Giant* brand intangible asset in restructuring, impairment, and other exit costs. See Note 6 for additional information.

Restructuring Initiatives We view our restructuring activities as actions that help us meet our long-term growth targets. Activities we undertake must meet internal rate of return and net present value targets. Each restructuring action normally takes one to two years to complete. At completion (or as each major stage is completed in the case of multi-year programs), the project begins to deliver cash savings and/or reduced depreciation. These activities result in various restructuring costs, including asset write-offs, exit charges including severance, contract termination fees, and decommissioning and other costs. Accelerated depreciation associated with restructured assets, as used in the context of our disclosures regarding restructuring activity, refers to the increase in depreciation expense caused by shortening the useful life or updating the salvage value of depreciable fixed assets to coincide with the end of production under an approved restructuring plan. Any impairment of the asset is recognized immediately in the period the plan is approved.

We are currently pursuing several multi-year restructuring initiatives designed to increase our efficiency and focus our business behind our key growth strategies. Charges recorded in fiscal 2015 related to these initiatives were as follows:

Expense, in Millions	Severance	Asset Write-offs	Pension Related	Accelerated Depreciation	Other	Total
Project Catalyst	$121.5	$12.3	$ 6.6	$ —	$ 8.0	$148.4
Project Century	44.3	42.3	31.2	53.1	10.9	181.8
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	$178.2	$55.3	$37.8	$53.1	$19.1	$343.5

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 $148 million of net expenses relating to these actions of which approximately $118 million will be cash. These actions were largely completed in fiscal 2015.

Project Century (Century) is a review of our North American manufacturing and distribution network to streamline operations and identify potential capacity reductions. In addition to the actions taken at certain facilities described below, we incurred $17.2 million of restructuring charges in fiscal 2015 related to Century of which $6.0 million was cash.

As part of Century, we approved actions in the third quarter of fiscal 2015 to reduce our refrigerated dough capacity and exit our Midland, Ontario, Canada and New Albany, Indiana facilities, which support our U.S. Retail, International, and Convenience Stores and Foodservice supply chains. The Midland action will affect approximately 100 positions, and we expect to incur approximately $21 million of net expenses relating to this action, of which approximately $12 million will be cash. We recorded $6.5 million of restructuring charges relating to this action in fiscal 2015. The New Albany action will affect approximately 400 positions, and we expect to incur approximately $84 million of net expenses relating to this action of which approximately $44 million will be cash. We recorded $51.3 million of restructuring charges relating to this action in fiscal 2015. We anticipate these actions will be completed by the end of fiscal 2018.

During 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 and Convenience Stores and

Foodservice supply chains as part of Century. This action will affect approximately 250 positions. We recorded $43.6 million of restructuring charges in fiscal 2015. We expect to incur approximately $69 million of net expenses relating to this action of which approximately $18 million will be cash. We expect this action to be completed by the end of fiscal 2016.

Also as part of Century, during 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 recorded $63.2 million of restructuring charges in fiscal 2015. We expect to incur approximately $102 million of net expenses relating to this action of which approximately $41 million will be cash. We expect this action to be completed by the end of fiscal 2016.

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 recorded $13.9 million of restructuring charges in fiscal 2015. We expect to incur approximately $15 million of net expenses relating to this action and to make approximately $14 million in cash payments. We expect this action to be completed by the end of fiscal 2016.

In fiscal 2015, we paid $63.6 million in cash related to restructuring initiatives.

In addition to restructuring charges, we expect to incur approximately $65 million of additional project-related costs, which will be recorded in cost of sales, all of which will be cash. We recorded $13.2 million in cost of sales for project-related costs in fiscal 2015.

Subsequent to our fiscal 2015 year end, 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 initiative, we expect to eliminate approximately 675 to 725 positions. We expect to record total restructuring charges of approximately $57 to $62 million, primarily reflecting one-time employee termination benefits, of which approximately $54 to $57 million will be recorded in the first quarter of fiscal 2016. We expect approximately $54 to $59 million of the total expense will result in future cash expenditures. These restructuring actions are expected to be completed by the end of fiscal 2017.

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

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Cost of sales	$ 59.6	$ —	$ —
Restructuring, impairment, and other exit costs	283.9	3.6	19.8
Total restructuring charges	343.5	3.6	19.8
Project-related costs classified in cost of sales	$ 13.2	$ —	$ —

In fiscal 2014, we recorded restructuring, impairment, and other exit costs pursuant to approved plans as follows:

Expense, in Millions	
Charges associated with restructuring actions previously announced	$3.6
Total	$3.6

In fiscal 2014, the restructuring charge related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012. These restructuring actions were completed in fiscal 2014. In fiscal 2014, we paid $22.4 million in cash related to restructuring actions.

In fiscal 2013, we recorded restructuring, impairment, and other exit costs pursuant to approved plans as follows:

Expense, in Millions	
Charges associated with restructuring actions previously announced	$19.8
Total	$19.8

In fiscal 2013, the restructuring charge was primarily related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012, consisting of $10.6 million of employee severance expense and other exit costs of $8.0 million. In fiscal 2013, we paid $79.9 million in cash related to restructuring actions.

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 27, 2012	$ 83.1	$ 2.7	$ 0.1	$ 85.9
2013 charges, including foreign currency translation	10.6	—	—	10.6
Utilized in 2013	(74.2)	(2.7)	(0.1)	(77.0)
Reserve balance as of May 26, 2013	19.5	—	—	19.5
2014 charges, including foreign currency translation	6.4	—	—	6.4
Utilized in 2014	(22.4)	—	—	(22.4)
Reserve balance as of May 25, 2014	3.5	—	—	3.5
2015 charges, including foreign currency translation	176.4	0.6	8.1	185.1
Utilized in 2015	(61.3)	—	(6.5)	(67.8)
Reserve balance as of May 31, 2015	$ 118.6	$ 0.6	$ 1.6	$120.8

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.

NOTE 5. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

We have a 50 percent equity interest in Cereal Partners Worldwide (CPW), which manufactures and markets ready-to-eat cereal products in more than 130 countries outside the United States and Canada. CPW also markets cereal bars in several European countries and manufactures private label cereals for customers in the United Kingdom. We have guaranteed a portion of CPW's debt and its pension obligation in the United Kingdom.

We also have a 50 percent equity interest in Häagen-Dazs Japan, Inc. (HDJ). This joint venture manufactures and markets *Häagen-Dazs* ice cream products and frozen novelties.

Results from our CPW and HDJ joint ventures are reported for the 12 months ended March 31.

Joint venture related balance sheet activity follows:

In Millions	May 31, 2015	May 25, 2014
Cumulative investments	$530.6	$ 507.5
Goodwill and other intangibles	465.1	563.2
Aggregate advances included in cumulative investments	390.3	332.0

Joint venture earnings and cash flow activity follows:

In Millions	Fiscal Year 2015	2014	2013
Sales to joint ventures	$ 11.6	$ 12.1	$ 12.3
Net advances	102.4	54.9	36.7
Dividends received	72.6	90.5	115.7

Summary combined financial information for the joint ventures on a 100 percent basis follows:

In Millions	Fiscal Year 2015	2014	2013
Net sales:			
CPW	$1,894.5	$2,107.9	$2,132.2
HDJ	370.2	386.9	420.5
Total net sales	2,264.7	2,494.8	2,552.7
Gross margin	925.4	1,030.3	1,057.3
Earnings before income taxes	220.9	219.1	260.3
Earnings after income taxes	170.7	168.8	201.6

In Millions	May 31, 2015	May 25, 2014
Current assets	$ 800.1	$1,031.1
Noncurrent assets	962.1	1,129.8
Current liabilities	1,484.8	1,779.0
Noncurrent liabilities	118.2	110.3

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

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

In Millions	May 31, 2015	May 25, 2014
Goodwill	$ 8,874.9	$ 8,650.5
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	4,262.1	4,504.1
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	544.0	630.7
Less accumulated amortization	(129.1)	(120.5)
Intangible assets subject to amortization	414.9	510.2
Other intangible assets	4,677.0	5,014.3
Total	$13,551.9	$13,664.8

Based on the carrying value of finite-lived intangible assets as of May 31, 2015, amortization expense for each of the next five fiscal years is estimated to be approximately $28 million.

The changes in the carrying amount of goodwill for fiscal 2013, 2014, and 2015 are as follows:

In Millions	U.S. Retail	International	Convenience Stores and Foodservice	Joint Ventures	Total
Balance as of May 27, 2012	$5,813.2	$ 989.9	$921.1	$458.3	$8,182.5
Acquisitions	28.2	378.8	—	—	407.0
Other activity, primarily foreign currency translation	—	18.3	—	14.4	32.7
Balance as of May 26, 2013	5,841.4	1,387.0	921.1	472.7	8,622.2
Divestiture	(12.2)	—	—	—	(12.2)
Other activity, primarily foreign currency translation	—	15.0	—	25.5	40.5
Balance as of May 25, 2014	5,829.2	1,402.0	921.1	498.2	8,650.5
Acquisition	589.8	—	—	—	589.8
Other activity, primarily foreign currency translation	—	(268.7)	—	(96.7)	(365.4)
Balance as of May 31, 2015	$6,419.0	$1,133.3	$921.1	$401.5	$8,874.9

During the second quarter of fiscal 2015, we reorganized certain reporting units within our U.S. Retail operating segment. Our chief operating decision maker continues to assess performance and make decisions about resources to be allocated to our segments at the U.S. Retail, International, and Convenience Stores and Foodservice operating segment level.

We performed our fiscal 2015 impairment assessment as of the first day of the third quarter of fiscal 2015, and determined there was no impairment of goodwill for any of our reporting units as their related fair values were substantially in excess of their carrying values.

The changes in the carrying amount of other intangible assets for fiscal 2013, 2014, and 2015 are as follows:

In Millions	U.S. Retail	International	Joint Ventures	Total
Balance as of May 27, 2012	$3,297.0	$1,344.1	$63.8	$4,704.9
Acquisitions	20.0	290.7	—	310.7
Other activity, primarily foreign currency translation	(4.6)	3.4	0.7	(0.5)
Balance as of May 26, 2013	3,312.4	1,638.2	64.5	5,015.1
Other activity, primarily foreign currency translation	(4.9)	3.6	0.5	(0.8)
Balance as of May 25, 2014	3,307.5	1,641.8	65.0	5,014.3
Acquisition	268.4	—	—	268.4
Impairment charge	(260.0)	—	—	(260.0)
Other activity, primarily foreign currency translation	(4.0)	(340.3)	(1.4)	(345.7)
Balance as of May 31, 2015	$3,311.9	$1,301.5	$63.6	$4,677.0

We performed our fiscal 2015 impairment assessment as of the first day of the third quarter of fiscal 2015. As of our assessment date, there was no impairment of any of our indefinite-lived intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Mountain High*, *Uncle Toby's*, and *Green Giant* brands.

As of the annual assessment date, excess fair value above the carrying value of these brand assets was as follows:

In Millions	Carrying Value	Excess Fair Value Above Carrying Value
Mountain High	$ 35.4	3%
Uncle Toby's	$ 57.7	7%
Green Giant	$ 425.9	13%

At the end of the fourth quarter of fiscal 2015, we made a strategic decision to redirect certain resources supporting our Green Giant business in our U.S. Retail segment to other businesses within the segment. Therefore, future sales and profitability projections in our long-range plan for this business declined. As a result of this triggering event, and in connection with the preparation of this report, we performed an interim impairment assessment of the *Green Giant* brand intangible asset as of May 31, 2015, and determined that the fair value of the brand asset no longer exceeded the carrying value of the asset. Significant assumptions used in that assessment included our updated long- range cash flow projections for the Green Giant business, an updated royalty rate, a weighted-average cost of capital, and a tax rate. We recorded a $260 million impairment charge in restructuring, impairment, and other exit costs during the fourth quarter of fiscal 2015 related to this asset.

We will continue to monitor these businesses for potential impairment.

NOTE 7. FINANCIAL INSTRUMENTS, RISK MANAGEMENT ACTIVITIES, AND FAIR VALUES

Financial Instruments

The carrying values of cash and cash equivalents, receivables, accounts payable, other current liabilities, and notes payable approximate fair value. Marketable securities are carried at fair value. As of May 31, 2015, and May 25, 2014, a comparison of cost and market values of our marketable debt and equity securities is as follows:

	Cost		Market Value		Gross Gains		Gross Losses	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
In Millions	2015	2014	2015	2014	2015	2014	2015	2015
Available for sale:								
Debt securities	$2.6	$318.6	$ 2.6	$318.8	$ —	$0.2	$ —	$ —
Equity securities	1.8	1.8	8.3	7.2	6.5	5.4	—	—
Total	$4.4	$320.4	$10.9	$326.0	$6.5	$5.6	$ —	$ —

There were no realized gains or losses from sales of available-for-sale marketable securities. Gains and losses are determined by specific identification. Classification of marketable securities as current or noncurrent is dependent upon our intended holding period, the security's maturity date, or both. The aggregate unrealized gains and losses on available-for-sale securities, net of tax effects, are classified in AOCI within stockholders' equity.

Scheduled maturities of our marketable securities are as follows:

	Available for Sale	
In Millions	Cost	Market Value
Under 1 year (current)	$ 2.5	$ 2.5
From 1 to 3 years	—	—
From 4 to 7 years	0.1	0.1
Equity securities	1.8	8.3
Total	$ 4.4	$ 10.9

As of May 31, 2015, cash and cash equivalents totaling $40.1 million were pledged as collateral for derivative contracts. As of May 31, 2015, $4.1 million of certain accounts receivable were pledged as collateral against a foreign uncommitted line of credit.

The fair value and carrying amounts of long-term debt, including the current portion, were $8,996.6 million and $8,608.1 million, respectively, as of May 31, 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.

Risk Management Activities

As a part of our ongoing operations, we are exposed to market risks such as changes in interest and foreign currency exchange rates and commodity and equity prices. To manage these risks, we may enter into various derivative transactions (e.g., futures, options, and swaps) pursuant to our established policies.

Commodity Price Risk

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), dairy products, 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 nonetheless 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 these 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 any resulting mark-to-market volatility, which remains in unallocated corporate items.

Unallocated corporate items for fiscal 2015, 2014 and 2013 included:

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Net loss on mark-to-market valuation of commodity positions	$(163.7)	$ (4.9)	$ (7.6)
Net loss on commodity positions reclassified from unallocated corporate items to segment operating profit	84.4	51.2	13.7
Net mark-to-market revaluation of certain grain inventories	(10.4)	2.2	(1.7)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	$ (89.7)	$ 48.5	$ 4.4

As of May 31, 2015, the net notional value of commodity derivatives was $384.0 million, of which $214.7 million related to agricultural inputs and $169.3 million related to energy inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

Interest Rate Risk

We are exposed to interest rate volatility with regard to future issuances of fixed-rate debt, and existing and future issuances of floating-rate debt. Primary exposures include U.S. Treasury rates, LIBOR, Euribor, and commercial paper rates in the United States and Europe. We use interest rate swaps, forward-starting interest rate swaps, and treasury locks to hedge our exposure to interest rate changes, to reduce the volatility of our financing costs, and to achieve a desired proportion of fixed versus floating-rate debt, based on current and projected market conditions. Generally under these swaps, we agree with a counterparty to exchange the difference between fixed-rate and floating-rate interest amounts based on an agreed upon notional principal amount.

Floating Interest Rate Exposures — Floating-to-fixed interest rate swaps are accounted for as cash flow hedges, as are all hedges of forecasted issuances of debt. Effectiveness is assessed based on either the perfectly effective hypothetical derivative method or changes in the present value of interest payments on the underlying debt. Effective gains and losses deferred to AOCI are reclassified into earnings over the life of the associated debt. Ineffective gains and losses are recorded as net interest. The amount of hedge ineffectiveness was less than $1 million in each of fiscal 2015, 2014, and 2013.

Fixed Interest Rate Exposures — Fixed-to-floating interest rate swaps are accounted for as fair value hedges with effectiveness assessed based on changes in the fair value of the underlying debt and derivatives, using incremental borrowing rates currently available on loans with similar terms and maturities. Ineffective gains and losses on these derivatives and the underlying hedged items are recorded as net interest. The amount of hedge ineffectiveness was a $1.6 million gain in fiscal 2015 and less than $1 million in fiscal 2014 and 2013.

In advance of planned debt financing, we entered into €600.0 million of forward starting swaps with an average fixed rate of 0.5 percent. All of these forward starting swaps were cash settled for $6.5 million during

the fourth quarter of fiscal 2015, coincident with the issuance of our €500 million 8-year fixed-rate notes and €400 million 12-year fixed-rate notes.

During the second quarter of fiscal 2015, we entered into swaps to convert $500.0 million of 1.4 percent fixed-rate notes due October 20, 2017, and $500.0 million of 2.2 percent fixed-rate notes due October 21, 2019, to floating rates.

In advance of planned debt financing, we entered into $250.0 million of treasury locks with an average fixed rate of 1.99 percent. All of these treasury locks were cash settled for $17.9 million during the third quarter of fiscal 2014, coincident with the issuance of our $500.0 million 10-year fixed-rate notes.

During the third quarter of fiscal 2013, we entered into swaps to convert $250.0 million of 0.875 percent fixed-rate notes due January 29, 2016, to floating rates.

As of May 31, 2015, the pre-tax amount of cash-settled interest rate hedge gain or loss remaining in AOCI which will be reclassified to earnings over the remaining term of the related underlying debt follows:

In Millions	Gain/(Loss)
5.7% notes due February 15, 2017	$ (3.8)
5.65% notes due February 15, 2019	1.8
3.15% notes due December 15, 2021	(64.7)
1.0% notes due April 27, 2023	(1.9)
3.65% notes due February 15, 2024	15.5
1.5% notes due April 27, 2027	(3.9)
5.4% notes due June 15, 2040	(14.0)
4.15% notes due February 15, 2043	10.9
Net pre-tax hedge loss in AOCI	$(60.1)

The following table summarizes the notional amounts and weighted-average interest rates of our interest rate derivatives. Average floating rates are based on rates as of the end of the reporting period.

In Millions	May 31, 2015	May 25, 2014
Pay-floating swaps – notional amount	$ 1,250.0	$ 250.0
Average receive rate	1.6%	0.9%
Average pay rate	0.7%	0.5%

The swap contracts mature at various dates from fiscal 2016 to 2020 as follows:

In Millions	Pay Floating
2016	$ 250.0
2017	—
2018	500.0
2019	—
2020	500.0
Total	$ 1,250.0

The following tables reconcile the net fair values of assets and liabilities subject to offsetting arrangements that are recorded in the Consolidated Balance Sheets to the net fair values that could be reported in the Consolidated Balance Sheets:

May 31, 2015												
	Assets						Liabilities					
				Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)		
In Millions	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Pledged	Net Amount (d)
Commodity contracts	$ 10.1	$ —	$ 10.1	$ (1.3)	$ —	$ 8.8	$ (59.4)	$ —	$ (59.4)	$ 1.3	$ 40.1	$ (18.0)
Interest rate contracts	4.0	—	4.0	—	—	4.0	—	—	—	—	—	—
Foreign exchange contracts	25.9	—	25.9	(12.5)	—	13.4	(65.3)	—	(65.3)	12.5	—	(52.8)
Total	$ 40.0	$ —	$ 40.0	$ (13.8)	$ —	$ 26.2	$ (124.7)	$ —	$ (124.7)	$ 13.8	$ 40.1	$ (70.8)

(a) Includes related collateral offset in the Consolidated Balance Sheets.

(b) Net fair value as recorded in the Consolidated Balance Sheets.

(c) Fair value of assets that could be reported net in the Consolidated Balance Sheets.

(d) Fair value of liabilities that could be reported net in the Consolidated Balance Sheets.

(e) Fair value of assets and liabilities reported on a gross basis in the Consolidated Balance Sheets.

May 25, 2014												
	Assets						Liabilities					
				Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)		
In Millions	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Pledged	Net Amount (d)
Commodity contracts	$ 19.1	$ —	$ 19.1	$ (3.4)	$ —	$ 15.7	$ (4.0)	$ —	$ (4.0)	$ 3.4	$ —	$ (0.6)
Interest rate contracts	0.7	—	0.7	—	—	0.7	—	—	—	—	—	—
Foreign exchange contracts	10.5	—	10.5	(8.0)	—	2.5	(19.1)	—	(19.1)	8.0	—	(11.1)
Total	$ 30.3	$ —	$ 30.3	$ (11.4)	$ —	$ 18.9	$ (23.1)	$ —	$ (23.1)	$ 11.4	$ —	$ (11.7)

(a) Includes related collateral offset in the Consolidated Balance Sheets.

(b) Net fair value as recorded in the Consolidated Balance Sheets.

(c) Fair value of assets that could be reported net in the Consolidated Balance Sheets.

(d) Fair value of liabilities that could be reported net in the Consolidated Balance Sheets.

(e) Fair value of assets and liabilities reported on a gross basis in the Consolidated Balance Sheets.

Foreign Exchange Risk

Foreign currency fluctuations affect our net investments in foreign subsidiaries and foreign currency cash flows related to third party purchases, intercompany loans, product shipments, and foreign-denominated debt. We are also exposed to the translation of foreign currency earnings to the U.S. dollar. Our principal exposures are to the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, euro, Japanese yen, Mexican peso, and Swiss franc. We mainly use foreign currency forward contracts to selectively hedge our foreign currency cash flow exposures. We also generally swap our foreign-denominated commercial paper borrowings and nonfunctional currency intercompany loans back to U.S. dollars or the functional currency of the entity with foreign exchange exposure; the gains or losses on these derivatives offset the foreign currency revaluation gains or losses recorded in earnings on the associated borrowings. We generally do not hedge more than 18 months forward.

As of May 31, 2015, the net notional value of foreign exchange derivatives was $1,448.5 million. The amount of hedge ineffectiveness was less than $1 million in each of fiscal 2015, 2014, and 2013.

We also have many net investments in foreign subsidiaries that are denominated in euros. We previously hedged a portion of these net investments by issuing euro-denominated commercial paper and foreign exchange forward contracts. During the fourth quarter of fiscal 2015, we entered into a net investment hedge for a portion of our net investment in foreign operations denominated in euros by issuing €900.0 million of euro-denominated bonds. During the second quarter of fiscal 2014, we entered into a net investment hedge for a portion of our net investment in foreign operations denominated in euros by issuing €500.0 million of euro-denominated bonds. As of May 31, 2015, we had deferred net foreign currency transaction gains of $10.7 million in AOCI associated with hedging activity.

Venezuela is a highly inflationary economy and 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 expect to be able to access U.S. dollars through the SIMADI market. SIMADI has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. In fiscal 2015, we recorded an $8.0 million foreign exchange loss in unallocated corporate items resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary at the SIMADI rate of 199 bolivars per U.S. dollar. Our Venezuela operations represent less than 1 percent of our consolidated assets, liabilities, net sales, and segment operating profit. As of May 31, 2015, we had $0.3 million of non-U.S. dollar cash balances in Venezuela.

Equity Instruments

Equity price movements affect our compensation expense as certain investments made by our employees in our deferred compensation plan are revalued. We use equity swaps to manage this risk. As of May 31, 2015, the net notional amount of our equity swaps was $124.2 million. These swap contracts mature in fiscal 2016.

Fair Value Measurements And Financial Statement Presentation

The fair values of our assets, liabilities, and derivative positions recorded at fair value and their respective levels in the fair value hierarchy as of May 31, 2015 and May 25, 2014, were as follows:

	May 31, 2015				May 31, 2015			
	Fair Values of Assets				Fair Values of Liabilities			
In Millions	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	$ —	$ 4.0	$ —	$ 4.0	$ —	$ —	$ —	$ —
Foreign exchange contracts (c) (d)	—	25.5	—	25.5	—	(23.3)	—	(23.3)
Total	—	29.5	—	29.5	—	(23.3)	—	(23.3)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts (c) (d)	—	0.4	—	0.4	—	(42.0)	—	(42.0)
Commodity contracts (c) (e)	7.2	2.9	—	10.1	—	(59.4)	—	(59.4)
Grain contracts (c) (e)	—	3.3	—	3.3	—	(7.8)	—	(7.8)
Total	7.2	6.6	—	13.8	—	(109.2)	—	(109.2)
Other assets and liabilities reported at fair value:								
Marketable investments (a) (f)	8.3	2.6	—	10.9	—	—	—	—
Long-lived assets (g)	—	37.8	—	37.8	—	—	—	—
Indefinite-lived intangible asset (h)	—	—	154.3	154.3	—	—	—	—
Total	8.3	40.4	154.3	203.0	—	—	—	—
Total assets, liabilities, and derivative positions recorded at fair value	$15.5	$76.5	$154.3	$246.3	$ —	$(132.5)	$ —	$(132.5)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.

(b) Based on LIBOR and swap rates.

(c) These contracts are recorded as prepaid expenses and other current assets or as other current liabilities, as appropriate, based on whether in a gain or loss position.

(d) Based on observable market transactions of spot currency rates and forward currency prices.

(e) Based on prices of futures exchanges and recently reported transactions in the marketplace.

(f) Based on prices of common stock and bond matrix pricing.

(g) We recorded $30.3 million in non-cash impairment charges in fiscal 2015 to write down certain long-lived assets to their fair value. Fair value was based on recently reported transactions for similar assets in the marketplace. These assets had a carrying value of $68.1 million and were associated with the restructuring actions described in Note 4.

(h) We recorded a $260.0 million non-cash impairment charge in fiscal 2015 to write down our *Green Giant* brand asset to its fair value of $154.3 million. This asset had a carrying value of $414.3 million. See Note 6 for additional information.

In Millions	May 25, 2014 Fair Values of Assets				May 25, 2014 Fair Values of Liabilities			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated as hedging instruments:								
Interest rate contracts [a] [b]	$ —	$ 0.7	$ —	$ 0.7	$ —	$ —	$ —	$ —
Foreign exchange contracts [c] [d]	—	9.9	—	9.9	—	(12.6)	—	(12.6)
Total	—	10.6	—	10.6	—	(12.6)	—	(12.6)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts [c] [d]	—	0.6	—	0.6	—	(6.5)	—	(6.5)
Commodity contracts [c] [e]	11.1	8.0	—	19.1	—	(4.0)	—	(4.0)
Grain contracts [c] [e]	—	7.5	—	7.5	—	(4.9)	—	(4.9)
Total	11.1	16.1	—	27.2	—	(15.4)	—	(15.4)
Other assets and liabilities reported at fair value:								
Marketable investments [a] [f]	7.2	318.8	—	326.0	—	—	—	—
Total	7.2	318.8	—	326.0	—	—	—	—
Total assets, liabilities, and derivative positions recorded at fair value	$18.3	$345.5	$ —	$363.8	$ —	$ (28.0)	$—	$(28.0)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.

(b) Based on LIBOR and swap rates.

(c) These contracts are recorded as prepaid expenses and other current assets or as other current liabilities, as appropriate, based on whether in a gain or loss position.

(d) Based on observable market transactions of spot currency rates and forward currency prices.

(e) Based on prices of futures exchanges and recently reported transactions in the marketplace.

(f) Based on prices of common stock and bond matrix pricing.

We did not significantly change our valuation techniques from prior periods.

Information related to our cash flow hedges, fair value hedges, and other derivatives not designated as hedging instruments for the fiscal years ended May 31, 2015, and May 25, 2014, follows:

	Interest Rate Contracts		**Foreign Exchange Contracts**		**Equity Contracts**		**Commodity Contracts**		**Total**	
	Fiscal Year		**Fiscal Year**		**Fiscal Year**		**Fiscal Year**		**Fiscal Year**	
In Millions	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Derivatives in Cash Flow Hedging Relationships:										
Amount of gain (loss) recognized in other comprehensive income (OCI) [(a)]	$(5.9)	$10.6	$13.3	$0.6	$ —	$ —	$ —	$ —	$7.4	$11.2
Amount of net gain (loss) reclassified from AOCI into earnings [(a)] [(b)]	(10.6)	(11.7)	5.0	16.4	—	—	—	—	(5.6)	4.7
Amount of net gain (loss) recognized in earnings [(c)]	(0.6)	—	0.1	(0.1)	—	—	—	—	(0.5)	(0.1)
Derivatives in Fair Value Hedging Relationships:										
Amount of net gain recognized in earnings [(d)]	1.6	0.2	—	—	—	—	—	—	1.6	0.2
Derivatives in Net Investment Hedging Relationships:										
Amount of loss recognized in OCI [(a)]	—	—	(6.9)	—	—	—	—	—	(6.9)	—
Derivatives Not Designated as Hedging Instruments:										
Amount of net gain (loss) recognized in earnings [(d)]	—	—	(54.3)	(20.0)	9.6	9.8	(163.7)	(4.9)	(208.4)	(15.1)

(a) Effective portion.

(b) 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.

(c) Gain (loss) recognized in earnings is related to the ineffective portion of the hedging relationship, including SG&A expenses for foreign exchange contracts and interest, net for interest rate contracts. No amounts were reported as a result of being excluded from the assessment of hedge effectiveness.

(d) Gain recognized in earnings is reported in interest, net for interest rate contracts, in cost of sales for commodity contracts, and in SG&A expenses for equity contracts and foreign exchange contracts.

Amounts Recorded In Accumulated Other Comprehensive Loss

As of May 31, 2015, the after-tax amounts of unrealized gains and losses in AOCI related to hedge derivatives follows:

In Millions	After-Tax Gain/(Loss)
Unrealized losses from interest rate cash flow hedges	$ (36.5)
Unrealized gains from foreign currency cash flow hedges	7.7
After-tax loss in AOCI related to hedge derivatives	$ (28.8)

The net amount of pre-tax gains and losses in AOCI as of May 31, 2015, that we expect to be reclassified into net earnings within the next 12 months is $2.3 million of gain.

Credit-Risk-Related Contingent Features

Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on May 31, 2015, was $81.5 million. We have posted $25.0 million of collateral under these contracts. If the credit-risk-related contingent features underlying these agreements had been triggered on May 31, 2015, we would have been required to post $56.5 million of collateral to counterparties.

Concentrations Of Credit And Counterparty Credit Risk

During fiscal 2015, Wal-Mart Stores, Inc. and its affiliates (Wal-Mart) accounted for 21 percent of our consolidated net sales and 30 percent of our net sales in the U.S. Retail segment. No other customer accounted for 10 percent or more of our consolidated net sales. Wal-Mart also represented 7 percent of our net sales in the International segment and 9 percent of our net sales in the Convenience Stores and Foodservice segment. As of May 31, 2015, Wal-Mart accounted for 29 percent of our U.S. Retail receivables, 6 percent of our International receivables, and 9 percent of our Convenience Stores and Foodservice receivables. The five largest customers in our U.S. Retail segment accounted for 54 percent of its fiscal 2015 net sales, the five largest customers in our International segment accounted for 24 percent of its fiscal 2015 net sales, and the five largest customers in our Convenience Stores and Foodservice segment accounted for 44 percent of its fiscal 2015 net sales.

We enter into interest rate, foreign exchange, and certain commodity and equity derivatives, primarily with a diversified group of highly rated counterparties. We continually monitor our positions and the credit ratings of the counterparties involved and, by policy, limit the amount of credit exposure to any one party. These transactions may expose us to potential losses due to the risk of nonperformance by these counterparties; however, we have not incurred a material loss. We also enter into commodity futures transactions through various regulated exchanges.

The amount of loss due to the credit risk of the counterparties, should the counterparties fail to perform according to the terms of the contracts, is $16.7 million against which we do not hold collateral. Under the terms of our swap agreements, some of our transactions require collateral or other security to support financial instruments subject to threshold levels of exposure and counterparty credit risk. Collateral assets are either cash or U.S. Treasury instruments and are held in a trust account that we may access if the counterparty defaults.

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 May 31, 2015, $448.6 million of our total accounts payable is payable to suppliers who utilize this third party service.

NOTE 8. DEBT

Notes Payable The components of notes payable and their respective weighted-average interest rates at the end of the periods were as follows:

In Millions	May 31, 2015 Notes Payable	May 31, 2015 Weighted-average Interest Rate	May 25, 2014 Notes Payable	May 25, 2014 Weighted-average Interest Rate
U.S. commercial paper	$432.0	0.3%	$1,007.6	0.2%
Financial institutions	183.8	9.5	104.1	12.1
Total	$615.8	3.0%	$1,111.7	1.3%

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 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 May 31, 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	0.5	0.1
Total committed and uncommitted credit facilities	$ 3.4	$ 0.2

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

In May 2014, we entered into a $1.0 billion fee-paid committed credit facility that is scheduled to expire in May 2019. Concurrent with the execution of this credit facility, we terminated our credit facility that provided $1.0 billion of revolving credit which was scheduled to expire in April 2015.

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 May 31, 2015.

Long-Term Debt 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. The notes due April 27, 2023 may be redeemed in whole, or in part, at our option at any time prior to January 27, 2023 for a specified make whole amount and any time on or after that date at par. The notes due April 27, 2027 may be redeemed in whole, or in part, at our option at any time prior to January 27, 2027 for a specified make whole amount and any time on or after that date at par. 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 notes.

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. The notes may be redeemed in whole, or in part, at our option at any time at the applicable redemption price. 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.

In May 2014, we repaid $400.0 million of floating-rate notes and $300.0 million of 1.55 percent notes.

In January 2014, we issued $500.0 million aggregate principal amount of 3.65 percent fixed-rate notes due February 15, 2024 and $250.0 million aggregate principal amount of floating-rate notes due January 28, 2016. Interest on the fixed-rate notes is payable semi-annually in arrears. The fixed-rate notes may be redeemed in whole, or in part, at our option at any time prior to

November 15, 2023 for a specified make whole amount and any time on or after that date at par. The floating-rate notes bear interest equal to three-month LIBOR plus 20 basis points, subject to quarterly reset. Interest on the floating-rate notes is payable quarterly in arrears. The floating-rate notes are not redeemable prior to maturity. The fixed-rate and floating-rate 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 November 2013, we issued €500.0 million aggregate principal amount of 2.1 percent fixed-rate notes due November 16, 2020. Interest on the notes is payable annually in arrears. The notes may be redeemed in whole, or in part, at our option at any time prior to August 16, 2020 for a specified make whole amount and any time on or after that date at par. 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 August 2013, we repaid $700.0 million of 5.25 percent notes.

A summary of our long-term debt is as follows:

In Millions	May 31, 2015	May 25, 2014
5.65% notes due February 15, 2019	$1,150.0	$1,150.0
5.7% notes due February 15, 2017	1,000.0	1,000.0
3.15% notes due December 15, 2021	1,000.0	1,000.0
5.2% notes due March 17, 2015	—	750.0
Euro-denominated 2.1% notes due November 16, 2020	549.4	681.5
Euro-denominated 1.0% notes due April 27, 2023	549.4	—
1.4% notes due October 20, 2017	500.0	—
5.4% notes due June 15, 2040	500.0	500.0
4.15% notes due February 15, 2043	500.0	500.0
3.65% notes due February 15, 2024	500.0	500.0
2.2% notes due October 21, 2019	500.0	—
Floating-rate notes due January 29, 2016	500.0	500.0
Euro-denominated 1.5% notes due April 27, 2027	439.5	—
Floating-rate notes due December 15, 2014	—	395.3
0.875% notes due January 29, 2016	250.0	250.0
Floating-rate notes due January 28, 2016	250.0	250.0
Euro-denominated 2.2% notes due June 24, 2021	219.7	—
Medium-term notes, 0.02% to 6.44%, due fiscal 2017 or later	204.2	204.2
Other, including capital leases	(4.1)	(6.9)
	8,608.1	7,674.1
Less amount due within one year	(1,000.4)	(1,250.6)
Total long-term debt	$7,607.7	$6,423.5

Principal payments due on long-term debt in the next five years based on stated contractual maturities, our intent to redeem, or put rights of certain note holders are $1,000.4 million in fiscal 2016, $1,103.4 million in fiscal 2017, $604.5 million in fiscal 2018, $1,150.2 million in fiscal 2019, and $500.1 million in fiscal 2020.

Certain of our long-term debt agreements contain restrictive covenants. As of May 31, 2015, we were in compliance with all of these covenants.

As of May 31, 2015, the $60.1 million pre-tax loss recorded in AOCI associated with our previously designated interest rate swaps will be reclassified to net interest over the remaining lives of the hedged transactions. The amount expected to be reclassified from AOCI to net interest in fiscal 2016 is a $10.6 million pre-tax loss.

NOTE 9. REDEEMABLE AND NONCONTROLLING INTERESTS

Our principal redeemable and noncontrolling interests relate to our Yoplait SAS, Yoplait Marques SNC, Liberté Marques Sàrl, and General Mills Cereals, LLC (GMC) subsidiaries. In addition, we have six foreign subsidiaries that have noncontrolling interests totaling $8.2 million as of May 31, 2015.

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. 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 May 31, 2015, the redemption value of the euro-denominated redeemable interest was $778.9 million.

In addition, a subsidiary of Yoplait SAS has entered into an exclusive milk supply agreement for its European operations with Sodiaal at market-determined prices through July 1, 2021. Net purchases totaled $271.3 million for fiscal 2015 and $311.2 million for fiscal 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.

During fiscal 2015, we paid $17.7 million of dividends to Sodiaal under the terms of the Yoplait SAS and Yoplait Marques SNC shareholder agreements.

The holder of the GMC Class A Interests 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). In fiscal 2015, the floating preferred return rate was equal to the sum of three-month LIBOR plus 110 basis points. 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, subsequent to our year-end, the floating preferred return rate on GMC's Class A interests was reset to the sum of three-month LIBOR plus 125 basis points.

For financial reporting purposes, the assets, liabilities, results of operations, and cash flows of our non-wholly owned subsidiaries are included in our Consolidated Financial Statements. The third-party investor's share of the net earnings of these subsidiaries is reflected in net earnings attributable to redeemable and noncontrolling interests in the Consolidated Statements of Earnings.

Our noncontrolling interests contain restrictive covenants. As of May 31, 2015, we were in compliance with all of these covenants.

NOTE 10. STOCKHOLDERS' EQUITY

Cumulative preference stock of 5.0 million shares, without par value, is authorized but unissued.

On May 6, 2014, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock. Purchases under the authorization 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 authorization has no specified termination date.

During fiscal 2015, we repurchased 22.3 million shares of common stock for an aggregate purchase price of $1,161.9 million. During fiscal 2014, we repurchased 35.6 million shares of common stock for an aggregate purchase price of $1,774.4 million. During fiscal 2013, we repurchased 24.2 million shares of common stock for an aggregate purchase price of $1,014.9 million.

During the fourth quarter of fiscal 2013, we entered into an Accelerated Share Repurchase (ASR) agreement with an unrelated third party financial institution to repurchase an aggregate of $300.0 million of our

outstanding common stock. Under the ASR agreement, we paid $300.0 million to the financial institution and received 5.5 million shares of common stock with a fair value of $270.0 million during the fourth quarter of 2013. We received an additional 0.6 million shares of common stock upon completion of the ASR agreement during the first quarter of fiscal 2014. As of May 26, 2013, we recorded this transaction as an increase in treasury stock of $270.0 million, and recorded the remaining $30.0 million as a decrease to additional paid-in capital on our Consolidated Balance Sheets. Upon completion of the ASR agreement in the first quarter of fiscal 2014, we reclassified the $30.0 million to treasury stock from additional paid-in capital on our Consolidated Balance Sheets.

The following table provides details of total comprehensive income:

	Fiscal 2015				
	General Mills			Noncontrolling Interests	Redeemable Interests
In Millions	**Pretax**	**Tax**	**Net**	**Net**	**Net**
Net earnings, including earnings attributable to redeemable and noncontrolling interests			$ 1,221.3	$ 8.2	$ 29.9
Other comprehensive income (loss):					
Foreign currency translation	$ (727.9)	$ —	(727.9)	(78.2)	(151.8)
Net actuarial loss	(561.1)	202.7	(358.4)	—	—
Other fair value changes:					
Securities	1.3	(0.5)	0.8	—	—
Hedge derivatives	13.6	(4.8)	8.8	—	(4.7)
Reclassification to earnings:					
Hedge derivatives (a)	0.7	0.5	1.2	—	3.7
Amortization of losses and prior service costs (b)	170.2	(65.1)	105.1	—	—
Other comprehensive loss	(1,103.2)	132.8	(970.4)	(78.2)	(152.8)
Total comprehensive income (loss)			$ 250.9	$ (70.0)	$ (122.9)

(a) 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 expense.

In Millions	Fiscal 2014 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interests Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			$ 1,824.4	$ 5.8	$ 31.1
Other comprehensive income (loss):					
Foreign currency translation	$ (71.8)	$ —	(71.8)	19.1	41.4
Net actuarial income	327.2	(121.2)	206.0	—	—
Other fair value changes:					
Securities	0.5	(0.2)	0.3	—	—
Hedge derivatives	14.4	(7.0)	7.4	—	(2.4)
Reclassification to earnings:					
Hedge derivatives [(a)]	(4.7)	0.2	(4.5)	—	(0.1)
Amortization of losses and prior service costs [(b)]	172.7	(65.1)	107.6	—	—
Other comprehensive income	438.3	(193.3)	245.0	19.1	38.9
Total comprehensive income			$ 2,069.4	$ 24.9	$ 70.0

(a) Gain 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 expense.

In Millions	Fiscal 2013 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interests Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			$ 1,855.2	$ 8.0	$ 29.3
Other comprehensive income (loss):					
Foreign currency translation	$ (19.8)	$ —	(19.8)	10.3	10.3
Net actuarial income	76.3	(31.3)	45.0	—	—
Other fair value changes:					
Securities	1.2	(0.4)	0.8	—	—
Hedge derivatives	33.5	(10.4)	23.1	—	1.5
Reclassification to earnings:					
Hedge derivatives [(a)]	15.0	(4.5)	10.5	—	1.7
Amortization of losses and prior service costs [(b)]	159.9	(61.1)	98.8	—	—
Other comprehensive income	266.1	(107.7)	158.4	10.3	13.5
Total comprehensive income			$ 2,013.6	$ 18.3	$ 42.8

(a) 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 expense.

In fiscal 2015, 2014, and 2013, except for reclassifications to earnings, changes in other comprehensive income (loss) were primarily non-cash items.

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

In Millions	May 31, 2015	May 25, 2014
Foreign currency translation adjustments	$ (536.6)	$ 191.3
Unrealized gain (loss) from:		
Securities	3.7	2.9
Hedge derivatives	(28.8)	(38.8)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	(1,756.1)	(1,469.2)
Prior service credits (costs)	7.1	(26.5)
Accumulated other comprehensive loss	$ (2,310.7)	$ (1,340.3)

NOTE 11. STOCK PLANS

We use broad-based stock plans to help ensure that management's interests are aligned with those of our stockholders. As of May 31, 2015, a total of 27.1 million shares were available for grant in the form of stock options, restricted stock, restricted stock units, and shares of unrestricted stock under the 2011 Stock Compensation Plan (2011 Plan) and the 2011 Compensation Plan for Non-Employee Directors. The 2011 Plan also provides for the issuance of cash-settled share-based units, stock appreciation rights, and performance based stock awards. Stock-based awards now outstanding include some granted under the 2001, 2005, 2006, 2007, and 2009 stock plans, under which no further awards may be granted. The stock plans provide for accelerated vesting of awards upon retirement, termination, or death of eligible employees and directors.

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

	Fiscal Year		
	2015	2014	2013
Estimated fair values of stock options granted	$ 7.22	$ 6.03	$ 3.65
Assumptions:			
Risk-free interest rate	2.6%	2.6%	1.6%
Expected term	8.5 years	9.0 years	9.0 years
Expected volatility	17.5%	17.4%	17.3%
Dividend yield	3.1%	3.1%	3.5%

The valuation of stock options is a significant accounting estimate that requires us to use judgments and assumptions that are likely to have a material impact on our financial statements. We estimate the fair value of each option on the grant date using a Black-Scholes option-pricing model, which requires us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. 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 expected term represents the period of time that options granted are expected to be outstanding based on historical data to estimate option exercises and employee terminations within the valuation model. Separate groups of employees have similar historical exercise behavior and therefore were aggregated into a single pool for valuation purposes. The weighted-average expected term for all employee groups is presented in the table above. The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant.

Any corporate income tax benefit realized upon exercise or vesting of an award in excess of that previously recognized in earnings (referred to as a windfall tax benefit) is presented in the Consolidated Statements of Cash Flows as a financing cash flow.

Realized windfall tax benefits are credited to additional paid-in capital within the Consolidated Balance Sheets. Realized shortfall tax benefits (amounts which are less than that previously recognized in earnings) are first offset against the cumulative balance of windfall tax benefits, if any, and then charged directly to income tax expense, potentially resulting in volatility in our consolidated effective income tax rate. We calculated a cumulative memo balance of windfall tax benefits for the purpose of accounting for future shortfall tax benefits.

Options may be priced at 100 percent or more of the fair market value on the date of grant, and generally vest four years after the date of grant. Options generally expire within 10 years and one month after the date of grant.

Information on stock option activity follows:

	Options Exercisable (Thousands)	Weighted-Average Exercise Price Per Share	Options Outstanding (Thousands)	Weighted-Average Exercise Price Per Share
Balance as of May 27, 2012	39,564.9	$ 25.27	60,942.7	$ 27.96
Granted			3,407.7	38.15
Exercised			(16,534.6)	23.49
Forfeited or expired			(143.7)	34.06
Balance as of May 26, 2013	29,290.3	27.69	47,672.1	30.22
Granted			2,789.8	48.33
Exercised			(6,181.3)	24.78
Forfeited or expired			(111.6)	38.74
Balance as of May 25, 2014	29,452.8	28.37	44,169.0	32.10
Granted			2,253.1	53.70
Exercised			(7,297.2)	26.68
Forfeited or expired			(47.7)	43.73
Balance as of May 31, 2015	26,991.5	$ 30.44	39,077.2	$ 34.35

Stock-based compensation expense related to stock option awards was $18.1 million in fiscal 2015, $18.2 million in fiscal 2014, and $17.5 million in fiscal 2013. Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings includes amounts recognized in restructuring, impairment, and other exit costs for fiscal 2015.

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

	Fiscal Year		
In Millions	2015	2014	2013
Net cash proceeds	$ 163.7	$ 108.1	$ 300.8
Intrinsic value of options exercised	$ 201.9	$ 166.6	$ 297.2

Restricted Stock, Restricted Stock Units, and Performance Share Units Stock and units settled in stock subject to a restricted period and a purchase price, if any (as determined by the Compensation Committee of the Board of Directors), may be granted to key employees under the 2011 Plan. Restricted stock and restricted stock units generally vest and become unrestricted four years after the date of grant. Performance share units are earned based on our future achievement of three-year goals for average organic net sales growth and cumulative free cash flow. Performance share units are subject to a four year vesting period and will be settled with common stock one year following the completion of the three-year performance period. The sale or transfer of these awards is restricted during the vesting period. Participants holding restricted stock, but not restricted stock units or performance share units, are entitled to vote on matters submitted to holders of common stock for a vote. These awards accumulate dividends from the date of grant, but participants only receive payment if the awards vest.

Information on restricted stock unit, performance share units, and cash-settled share-based units 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	Cash-Settled Share-Based Units (Thousands)	Weighted-Average Grant-Date Fair Value
Non-vested as of May 25, 2014	7,893.7	$40.81	249.5	$25.67	822.8	$36.52
Granted	1,658.7	53.44	49.5	53.70	—	—
Vested	(2,978.7)	35.19	(55.7)	37.68	(822.1)	37.40
Forfeited, expired, or reclassified	(338.1)	46.13	(6.3)	45.41	(0.7)	37.40
Non-vested as of May 31, 2015	6,235.6	$46.44	237.0	$44.84	—	$ —

	Fiscal Year		
	2015	2014	2013
Number of units granted (thousands)	1,708.2	2,144.1	2,404.9
Weighted average price per unit	$53.45	$48.49	$38.41

The total grant-date fair value of restricted stock unit awards that vested during fiscal 2015 was $133.7 million, and $104.6 million vested during fiscal 2014.

As of May 31, 2015, unrecognized compensation expense related to non-vested stock options, restricted stock units, and performance share units was $101.9 million. This expense will be recognized over 17 months, on average.

Stock-based compensation expense related to restricted stock units, performance share units, and cash-settled share-based payment awards was $96.6 million for fiscal 2015, $107.0 million for fiscal 2014, and $128.9 million for fiscal 2013. Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings includes amounts recognized in restructuring, impairment, and other exit costs for fiscal 2015.

NOTE 12. EARNINGS PER SHARE

Basic and diluted EPS were calculated using the following:

	Fiscal Year		
In Millions, Except per Share Data	2015	2014	2013
Net earnings attributable to General Mills	$1,221.3	$1,824.4	$1,855.2
Average number of common shares - basic EPS	603.3	628.6	648.6
Incremental share effect from: [(a)]			
Stock options	11.3	12.3	12.0
Restricted stock, restricted stock units, and other	4.2	4.8	5.0
Average number of common shares - diluted EPS	618.8	645.7	665.6
Earnings per share - basic	$ 2.02	$ 2.90	$ 2.86
Earnings per share - diluted	$ 1.97	$ 2.83	$ 2.79

(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:

	Fiscal Year		
In Millions	2015	2014	2013
Anti-dilutive stock options, restricted stock units, and performance share units	2.1	1.7	0.6

NOTE 13. RETIREMENT BENEFITS AND POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans We have defined benefit pension plans covering many employees in the United States, Canada, France, and the United Kingdom. Benefits for salaried employees are based on length of service and final average compensation. Benefits for hourly employees include various monthly amounts for each year of credited service. Our funding policy is consistent with the requirements of applicable laws. We made no voluntary contributions to our principal U.S. plans in fiscal 2015 and 2014, and made a $200.0 million voluntary contribution in fiscal 2013. We do not expect to be required to make any contributions in fiscal 2016. Our principal domestic retirement plan covering salaried employees has a provision that any excess pension assets would be allocated to active participants if the plan is terminated within five years of a change in control. In fiscal 2012, we announced changes to our U.S. defined benefit pension plans. All new salaried employees hired on or after June 1, 2013 are eligible for a new retirement program that does not include a defined benefit pension plan. Current salaried employees remain in the existing defined benefit pension plan with adjustments to benefits.

Other Postretirement Benefit Plans We also sponsor plans that provide health care benefits to many of our retirees in the United States, Canada, and Brazil. The United States salaried health care benefit plan is contributory, with retiree contributions based on years of service. We make decisions to fund related trusts for certain employees and retirees on an annual basis. We made $24.0 million in voluntary contributions to these plans in fiscal 2015 and $24.0 million in voluntary contributions to these plans in fiscal 2014.

Health Care Cost Trend Rates Assumed health care cost trends are as follows:

	Fiscal Year	
	2015	**2014**
Health care cost trend rate for next year	6.5% and 7.3%	6.5% and 7.3%
Rate to which the cost trend rate is assumed to decline (ultimate rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2025	2025

We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 7.3 percent for retirees age 65 and over and 6.5 percent for retirees under age 65 at the end of fiscal 2015. Rates are graded down annually until the ultimate trend rate of 5.0 percent is reached in 2025 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

A one percentage point change in the health care cost trend rate would have the following effects:

In Millions	One Percentage Point Increase	One Percentage Point Decrease
Effect on the aggregate of the service and interest cost components in fiscal 2016	$ 3.7	$ (3.2)
Effect on the other postretirement accumulated benefit obligation as of May 31, 2015	77.1	(68.9)

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Act) was signed into law in March 2010. The Act codifies health care reforms with staggered effective dates from 2010 to 2018. Estimates of the future impacts of several of the Act's provisions are incorporated into our postretirement benefit liability.

Postemployment Benefit Plans Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States, Canada, and Mexico, and members of our Board of Directors, including severance and certain other benefits payable upon death. We recognize an obligation for any of these benefits that vest or accumulate with service. Postemployment benefits

that do not vest or accumulate with service (such as severance based solely on annual pay rather than years of service) are charged to expense when incurred. Our postemployment benefit plans are unfunded.

We use our fiscal year end as the measurement date for our defined benefit pension and other postretirement benefit plans.

Summarized financial information about defined benefit pension, other postretirement benefit, and postemployment benefit plans is presented below:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Fiscal Year		Fiscal Year		Fiscal Year	
In Millions	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Change in Plan Assets:						
Fair value at beginning of year	$5,611.8	$5,066.1	$ 517.3	$ 436.9		
Actual return on assets	373.6	740.2	44.0	59.1		
Employer contributions	24.1	25.6	24.1	24.1		
Plan participant contributions	10.3	6.7	13.6	13.5		
Benefits payments	(244.9)	(231.4)	(16.2)	(16.3)		
Foreign currency	(16.4)	4.6	—	—		
Fair value at end of year	$5,758.5	$5,611.8	$ 582.8	$ 517.3		
Change in Projected Benefit Obligation:						
Benefit obligation at beginning of year	$5,618.0	$5,381.4	$ 1,074.8	$ 1,148.2	$ 145.3	$ 145.4
Service cost	137.0	133.0	22.4	22.7	7.5	7.7
Interest cost	249.2	239.5	46.9	50.5	4.3	4.1
Plan amendment	1.9	17.8	(42.4)	18.2	—	—
Curtailment/other	19.9	—	3.4	(2.9)	9.5	3.7
Plan participant contributions	10.3	6.7	13.6	13.5	—	—
Medicare Part D reimbursements	—	—	3.2	4.3	—	—
Actuarial loss (gain)	479.7	67.6	23.5	(119.4)	(0.4)	1.8
Benefits payments	(245.5)	(231.6)	(62.8)	(59.3)	(19.1)	(17.2)
Foreign currency	(18.4)	3.6	(3.0)	(1.0)	(0.5)	(0.2)
Projected benefit obligation at end of year	$6,252.1	$5,618.0	$ 1,079.6	$ 1,074.8	$ 146.6	$ 145.3
Plan assets less than benefit obligation as of fiscal year end	$ (493.6)	$ (6.2)	$ (496.8)	$ (557.5)	$ (146.6)	$(145.3)

Assumed mortality rates of plan participants are a critical estimate in measuring the expected payments a participant will receive over their lifetime and the amount of expense we recognize. On October 27, 2014, the Society of Actuaries published RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014, which both reflect improved longevity. We adopted the change to the mortality assumptions to remeasure our defined benefit pension plans and other postretirement benefit plans obligations, which increased the total of these obligations by $436.7 million.

The accumulated benefit obligation for all defined benefit pension plans was $5,750.4 million as of May 31, 2015, and $5,093.1 million as of May 25, 2014.

Amounts recognized in AOCI as of May 31, 2015, and May 25, 2014, are as follows:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans		Total	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
In Millions	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Net actuarial loss	$(1,674.9)	$(1,389.2)	$(72.2)	$(70.2)	$ (9.0)	$ (9.8)	$(1,756.1)	$(1,469.2)
Prior service (costs) credits	(13.8)	(26.1)	23.8	4.0	(2.9)	(4.4)	7.1	(26.5)
Amounts recorded in accumulated other comprehensive loss	$(1,688.7)	$(1,415.3)	$(48.4)	$(66.2)	$(11.9)	$(14.2)	$(1,749.0)	$ (1,495.7)

Plans with accumulated benefit obligations in excess of plan assets are as follows:

In Millions	Defined Benefit Pension Plans Fiscal Year 2015	2014	Other Postretirement Benefit Plans Fiscal Year 2015	2014	Postemployment Benefit Plans Fiscal Year 2015	2014
Projected benefit obligation	$512.3	$433.1	$ —	$ —	$ —	$ —
Accumulated benefit obligation	440.6	375.6	1,074.8	1,070.0	143.5	145.3
Plan assets at fair value	—	—	582.8	517.3	—	—

Components of net periodic benefit expense are as follows:

In Millions	Defined Benefit Pension Plans Fiscal Year 2015	2014	2013	Other Postretirement Benefit Plans Fiscal Year 2015	2014	2013	Postemployment Benefit Plans Fiscal Year 2015	2014	2013
Service cost	$ 137.0	$ 133.0	$ 124.4	$ 22.4	$ 22.7	$ 21.6	$ 7.5	$ 7.7	$ 7.8
Interest cost	249.2	239.5	237.3	46.9	50.5	52.1	4.3	4.1	4.4
Expected return on plan assets	(476.4)	(455.6)	(428.0)	(40.2)	(34.6)	(32.1)	—	—	—
Amortization of losses	141.7	151.0	136.0	4.9	15.4	17.1	0.7	0.6	2.1
Amortization of prior service costs (credits)	7.4	5.6	6.2	(1.6)	(3.4)	(3.4)	2.4	2.4	1.9
Other adjustments	15.1	—	—	3.3	—	—	9.5	3.7	11.4
Settlement or curtailment losses	18.0	—	—	1.3	(2.9)	—	—	—	—
Net expense	$ 92.0	$ 73.5	$ 75.9	$ 37.0	$ 47.7	$ 55.3	$ 24.4	$ 18.5	$ 27.6

We expect to recognize the following amounts in net periodic benefit expense in fiscal 2016:

In Millions	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Postemployment Benefit Plans
Amortization of losses	$ 189.9	$ 6.7	$ 0.7
Amortization of prior service costs (credits)	4.7	(5.4)	2.4

Assumptions Weighted-average assumptions used to determine fiscal year-end benefit obligations are as follows:

	Defined Benefit Pension Plans Fiscal Year 2015	2014	Other Postretirement Benefit Plans Fiscal Year 2015	2014	Postemployment Benefit Plans Fiscal Year 2015	2014
Discount rate	4.38%	4.54%	4.20%	4.51%	3.55%	3.82%
Rate of salary increases	4.09	4.44	—	—	4.36	4.44

Weighted-average assumptions used to determine fiscal year net periodic benefit expense are as follows:

	Defined Benefit Pension Plans			Other Postretirement Benefit Plans			Postemployment Benefit Plans		
	Fiscal Year			Fiscal Year			Fiscal Year		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Discount rate	4.54%	4.54%	4.85%	4.51%	4.52%	4.70%	3.82%	3.70%	3.86%
Rate of salary increases	4.44	4.44	4.44	—	—	—	4.44	4.44	4.45
Expected long-term rate of return on plan assets	8.53	8.53	8.53	8.13	8.11	8.13	—	—	—

Discount Rates Our discount rate assumptions are determined annually as of the last day of our fiscal year for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We also use the same discount rates to determine defined benefit pension, other postretirement benefit, and postemployment benefit plan income and expense for the following fiscal year. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.

Fair Value of Plan Assets The fair values of our pension and postretirement benefit plans' assets and their respective levels in the fair value hierarchy at May 31, 2015 and May 25, 2014, by asset category were as follows:

In Millions	May 31, 2015 Level 1	Level 2	Level 3	Total Assets	May 25, 2014 Level 1	Level 2	Level 3	Total Assets
Fair value measurement of pension plan assets:								
Equity [a]	$ 1,634.4	$ 1,010.3	$ 542.9	$ 3,187.6	$ 1,305.4	$ 793.9	$ 568.2	$ 2,667.5
Fixed income [b]	486.3	1,158.5	—	1,644.8	586.3	1,347.7	—	1,934.0
Real asset investments [c]	124.3	116.7	498.1	739.1	98.2	128.3	602.9	829.4
Other investments [d]	—	—	0.4	0.4	—	—	0.3	0.3
Cash and accruals	186.6	—	—	186.6	180.6	—	—	180.6
Total fair value measurement of pension plan assets	$ 2,431.6	$ 2,285.5	$ 1,041.4	$ 5,758.5	$ 2,170.5	$ 2,269.9	$ 1,171.4	$ 5,611.8
Fair value measurement of postretirement benefit plan assets:								
Equity [a]	$ 134.0	$ 120.6	$ 23.7	$ 278.3	$ 86.6	$ 129.1	$ 21.1	$ 236.8
Fixed income [b]	14.0	73.7	—	87.7	18.5	65.8	—	84.3
Real asset investments [c]	0.2	25.7	16.6	42.5	—	19.3	17.9	37.2
Other investments [d]	—	168.9	—	168.9	—	152.4	—	152.4
Cash and accruals	5.4	—	—	5.4	6.6	—	—	6.6
Fair value measurement of postretirement benefit plan assets	$ 153.6	$ 388.9	$ 40.3	$ 582.8	$ 111.7	$ 366.6	$ 39.0	$ 517.3

(a) Primarily publicly traded common stock and private equity partnerships for purposes of total return and to maintain equity exposure consistent with policy allocations. Investments include: United States and international equity securities, mutual funds, and equity futures valued at closing prices from national exchanges; and commingled funds, privately held securities, and private equity partnerships valued at unit values or net asset values provided by the investment managers, which are based on the fair value of the underlying investments. Various methods are used to determine fair values and may include the cost of the investment, most recent financing, and expected cash flows. For some of these investments, realization of the estimated fair value is dependent upon transactions between willing sellers and buyers.

(b) Primarily government and corporate debt securities for purposes of total return and managing fixed income exposure to policy allocations. Investments include: fixed income securities and bond futures generally valued at closing prices from national exchanges, fixed income pricing models, and independent financial analysts; and fixed income commingled funds valued at unit values provided by the investment managers, which are based on the fair value of the underlying investments.

(c) Publicly traded common stock and limited partnerships in the energy and real estate sectors for purposes of total return. Investments include: energy and real estate securities generally valued at closing prices from national exchanges; and commingled funds, private securities, and limited partnerships valued at unit values or net asset values provided by the investment managers, which are generally based on the fair value of the underlying investments.

(d) Global balanced fund of equity, fixed income, and real estate securities for purposes of meeting Canadian pension plan asset allocation policies, and insurance and annuity contracts to provide a stable stream of income for retirees and to fund postretirement medical benefits. Fair values are derived from unit values provided by the investment managers, which are generally based on the fair value of the underlying investments and contract fair values from the providers.

The following table is a roll forward of the Level 3 investments of our pension and postretirement benefit plans' assets during the years ended May 31, 2015 and May 25, 2014:

	Fiscal 2015				
In Millions	Balance as of May 25, 2014	Net Transfers Out	Net Purchases, Sales, Issuances, and Settlements	Net Gain (Loss)	Balance as of May 31, 2015
Pension benefit plan assets:					
Equity	$ 568.2	$ —	$ (61.0)	$ 35.7	$ 542.9
Real asset investments	602.9	—	(18.2)	(86.6)	498.1
Other investments	0.3	—	0.2	(0.1)	0.4
Fair value activity of level 3 pension plan assets	$ 1,171.4	$ —	$ (79.0)	$ (51.0)	$ 1,041.4
Postretirement benefit plan assets:					
Equity	$ 21.1	$ —	$ 0.3	$ 2.3	$ 23.7
Real asset investments	17.9	—	0.5	(1.8)	16.6
Fair value activity of level 3 postretirement benefit plan assets	$ 39.0	$ —	$ 0.8	$ 0.5	$ 40.3

	Fiscal 2014				
In Millions	Balance as of May 26, 2013	Net Transfers Out	Net Purchases, Sales, Issuances, and Settlements	Net Gain	Balance as of May 25, 2014
Pension benefit plan assets:					
Equity	$ 559.3	$ —	$ (59.0)	$ 67.9	$ 568.2
Real asset investments	430.4	—	(25.5)	198.0	602.9
Other investments	0.3	—	—	—	0.3
Fair value activity of level 3 pension plan assets	$ 990.0	$ —	$ (84.5)	$ 265.9	$ 1,171.4
Postretirement benefit plan assets:					
Equity	$ 20.2	$ —	$ (0.7)	$ 1.6	$ 21.1
Real asset investments	14.5	(4.2)	1.4	6.2	17.9
Fair value activity of level 3 postretirement benefit plan assets	$ 34.7	$ (4.2)	$ 0.7	$ 7.8	$ 39.0

The net change in level 3 assets attributable to unrealized losses at May 31, 2015, was $113.4 million for our pension plan assets, and $1.5 million for our postretirement benefit plan assets.

Expected Rate of Return on Plan Assets Our expected rate of return on plan assets is determined by our asset allocation, our historical long-term investment performance, our estimate of future long-term returns by asset class (using input from our actuaries, investment services, and investment managers), and long-term inflation assumptions. We review this assumption annually for each plan, however, our annual investment performance for one particular year does not, by itself, significantly influence our evaluation.

Weighted-average asset allocations for the past two fiscal years for our defined benefit pension and other postretirement benefit plans are as follows:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans	
	Fiscal Year		Fiscal Year	
	2015	2014	2015	2014
Asset category:				
United States equities	28.9%	25.5%	38.7%	38.4%
International equities	18.4	13.9	24.1	24.0
Private equities	9.5	10.3	4.1	4.1
Fixed income	30.3	35.5	26.3	26.3
Real assets	12.9	14.8	6.8	7.2
Total	100.0%	100.0%	100.0%	100.0%

The investment objective for our defined benefit pension and other postretirement benefit plans is to secure the benefit obligations to participants at a reasonable cost to us. Our goal is to optimize the long-term return on plan assets at a moderate level of risk. The defined benefit pension plan and other postretirement benefit plan portfolios are broadly diversified across asset classes. Within asset classes, the portfolios are further diversified across investment styles and investment organizations. For the defined benefit pension plans, the long-term investment policy allocation is: 25 percent to equities in the United States; 15 percent to international equities; 10 percent to private equities; 35 percent to fixed income; and 15 percent to real assets (real estate, energy, and timber). For other postretirement benefit plans, the long-term investment policy allocations are: 30 percent to equities in the United States; 20 percent to international equities; 10 percent to private equities; 30 percent to fixed income; and 10 percent to real assets (real estate, energy, and timber). The actual allocations to these asset classes may vary tactically around the long-term policy allocations based on relative market valuations.

Contributions and Future Benefit Payment We do not expect to be required to make contributions to our defined benefit pension, other postretirement benefit, and postemployment benefit plans in fiscal 2016. Actual fiscal 2016 contributions could exceed our current projections, as influenced by our decision to undertake discretionary funding of our benefit trusts and future changes in regulatory requirements. Estimated benefit payments, which reflect expected future service, as appropriate, are expected to be paid from fiscal 2016 to 2025 as follows:

In Millions	Defined Benefit Pension Plans	Other Postretirement Benefit Plans Gross Payments	Medicare Subsidy Receipts	Postemployment Benefit Plans
2016	$ 264.7	$ 60.8	$ 4.8	$ 21.9
2017	278.1	64.8	5.2	18.5
2018	288.3	67.7	5.6	17.3
2019	298.6	69.6	6.0	16.1
2020	309.3	70.8	5.5	15.2
2021-2025	1,700.0	362.3	23.6	66.7

Defined Contribution Plans The General Mills Savings Plan is a defined contribution plan that covers domestic salaried, hourly, nonunion, and certain union employees. This plan is a 401(k) savings plan that includes a number of investment funds, including a Company stock fund and an Employee Stock Ownership Plan (ESOP). We sponsor another money purchase plan for certain domestic hourly employees with net assets of $21.9 million as of May 31, 2015, and $20.6 million as of May 25, 2014. We also sponsor defined contribution plans in many of our foreign locations. Our total recognized expense related to defined contribution plans was $44.0 million in fiscal 2015, $44.8 million in fiscal 2014, and $46.0 million in fiscal 2013.

We match a percentage of employee contributions to the General Mills Savings Plan. The Company match is directed to investment options of the participant's choosing. The number of shares of our common stock allocated to participants in the ESOP was 7.5 million as of May 31, 2015, and 8.4 million as of May 25, 2014. The ESOP's only assets are our common stock and temporary cash balances.

The Company stock fund and the ESOP held $655.6 million and $708.2 million of Company common stock as of May 31, 2015, and May 25, 2014.

NOTE 14. INCOME TAXES

The components of earnings before income taxes and after-tax earnings from joint ventures and the corresponding income taxes thereon are as follows:

In Millions	Fiscal Year 2015	2014	2013
Earnings before income taxes and after-tax earnings from joint ventures:			
United States	$1,338.6	$2,181.4	$2,051.2
Foreign	423.3	473.6	483.7
Total earnings before income taxes and after-tax earnings from joint ventures	$1,761.9	$2,655.0	$2,534.9
Income taxes:			
Currently payable:			
Federal	$ 392.7	$ 526.7	$ 493.4
State and local	29.3	37.8	39.5
Foreign	139.5	146.3	126.5
Total current	561.5	710.8	659.4
Deferred:			
Federal	70.3	159.1	68.8
State and local	(8.7)	21.3	19.2
Foreign	(36.3)	(7.9)	(6.2)
Total deferred	25.3	172.5	81.8
Total income taxes	$ 586.8	$ 883.3	$ 741.2

The following table reconciles the United States statutory income tax rate with our effective income tax rate:

	Fiscal Year 2015	2014	2013
United States statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefits	0.7	1.4	1.3
Foreign rate differences	(3.1)	(0.1)	(0.6)
Repatriation of foreign earnings	4.5	—	—
Deferred taxes for Medicare subsidies	—	—	(1.3)
GMC subsidiary restructure	—	—	(2.5)
Domestic manufacturing deduction	(2.9)	(2.3)	(2.1)
Other, net	(0.9)	(0.7)	(0.6)
Effective income tax rate	33.3%	33.3%	29.2%

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

In Millions	May 31, 2015	May 25, 2014
Accrued liabilities	$ 98.0	$ 106.0
Compensation and employee benefits	536.2	546.0
Unrealized hedges	0.8	—
Pension	169.0	—
Tax credit carryforwards	5.6	78.9
Stock, partnership, and miscellaneous investments	384.1	427.9
Capital losses	6.1	13.0
Net operating losses	89.3	71.4
Other	74.5	117.7
Gross deferred tax assets	1,363.6	1,360.9
Valuation allowance	215.4	221.6
Net deferred tax assets	1,148.2	1,139.3
Brands	1,346.3	1,373.4
Fixed assets	446.5	499.4
Pension	—	2.0
Intangible assets	208.4	204.2
Tax lease transactions	50.8	53.1
Inventories	59.7	60.6
Stock, partnership, and miscellaneous investments	472.5	470.7
Unrealized hedges	—	22.8
Other	14.2	45.0
Gross deferred tax liabilities	2,598.4	2,731.2
Net deferred tax liability	$ 1,450.2	$ 1,591.9

We have established a valuation allowance against certain of the categories of deferred tax assets described above as current evidence does not suggest we will realize sufficient taxable income of the appropriate character (e.g., ordinary income versus capital gain income) within the carryforward period to allow us to realize these deferred tax benefits.

Of the total valuation allowance of $215.4 million, the majority relates to a deferred tax asset for losses recorded as part of the Pillsbury acquisition in the amount of $160.9 million and $47.8 million relates to various state and foreign loss carryforwards. As of May 31, 2015, we believe it is more-likely-than-not that the remainder of our deferred tax assets are realizable.

We have $89.9 million of operating loss carryforwards. Of this amount, $78.7 million is foreign loss carryforwards and the carryforward periods are as follows: $50.2 million do not expire; $3.8 million expire in fiscal 2016 and 2017; and $24.7 million expire in fiscal 2018 and beyond. The remaining $11.2 million are state

operating loss carryforwards, the majority of which expire after 2023.

We have not recognized a deferred tax liability for unremitted earnings of approximately $1.9 billion from our foreign operations because our subsidiaries have invested or will invest the undistributed earnings indefinitely, or the earnings will be remitted in a tax-neutral transaction. It is not practicable for us to determine the amount of unrecognized deferred tax liabilities on these indefinitely reinvested earnings. Deferred taxes are recorded for earnings of our foreign operations when we determine that such earnings are no longer indefinitely reinvested. In fiscal 2015, we approved a one-time repatriation of $606.1 million of foreign earnings to reduce the economic cost of funding current restructuring initiatives and the acquisition of Annie's completed in fiscal 2015. We recorded a discrete tax charge of $78.6 million in fiscal 2015 related to this action. We have previously asserted that our foreign earnings are permanently reinvested and will only be repatriated in a tax-neutral manner, and this one-time repatriation does not change this on-going assertion.

In fiscal 2010, we recorded a non-cash income tax charge and decrease to our deferred tax assets of $35.0 million related to a reduction of the tax deductibility of retiree health cost to the extent of any Medicare Part D subsidy received beginning in fiscal 2013 under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. During fiscal 2013, we took certain actions to restore part of the tax benefits associated with Medicare Part D subsidies and recorded a $33.7 million discrete decrease to income tax expense and an increase to our deferred tax assets.

During the first quarter of fiscal 2013, in conjunction with the consent of the Class A investor, we restructured our GMC subsidiary through the distribution of its manufacturing assets, stock, inventory, cash, and certain intellectual property to a wholly owned subsidiary. GMC retained the remaining intellectual property. Immediately following this restructuring, the Class A Interests were sold by the then current holder to another unrelated third party investor. As a result of these transactions, we recorded a $63.3 million decrease to deferred income tax liabilities related to the tax basis of the investment in GMC and certain distributed assets, with a corresponding discrete non-cash reduction to income taxes in fiscal 2013.

We are subject to federal income taxes in the United States as well as various state, local, and foreign jurisdictions. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our liabilities for income taxes reflect the most likely outcome. We adjust these liabilities, as well as the related interest, in light of changing facts and circumstances. Settlement of any particular position would usually require the use of cash.

The number of years with open tax audits varies depending on the tax jurisdiction. Our major taxing jurisdictions include the United States (federal and state) and Canada. Various tax examinations by United States state taxing authorities could be conducted for any open tax year, which vary by jurisdiction, but are generally from 3 to 5 years.

Several state and foreign examinations are currently in progress. We do not expect these examinations to result in a material impact on our results of operations or financial position.

During fiscal 2014, the Internal Revenue Service concluded its field examination of our 2011 and 2012 tax years. The audit closure and related adjustments did not have a material impact on our results of operations or financial position. As of May 31, 2015, we have effectively settled all issues with the Internal Revenue Service for fiscal years 2012 and prior.

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the quarter of such change.

The following table sets forth changes in our total gross unrecognized tax benefit liabilities, excluding accrued interest, for fiscal 2015 and 2014. Approximately $84 million of this total in fiscal 2015 represents the amount that, if recognized, would affect our effective income tax rate in future periods. This amount differs from the gross unrecognized tax benefits presented in the table because certain of the liabilities below would impact deferred taxes if recognized. We also would record a decrease in U.S. federal income taxes upon recognition of the state tax benefits included therein.

In Millions	Fiscal Year 2015	2014
Balance, beginning of year	$150.9	$216.2
Tax positions related to current year:		
Additions	34.8	26.5
Tax positions related to prior years:		
Additions	17.4	15.1
Reductions	(21.8)	(94.5)
Settlements	(12.0)	(5.4)
Lapses in statutes of limitations	(8.2)	(7.0)
Balance, end of year	$161.1	$150.9

As of May 31, 2015, we expect to pay approximately $1.4 million of unrecognized tax benefit liabilities and accrued interest within the next 12 months. We are not able to reasonably estimate the timing of future cash flows beyond 12 months due to uncertainties in the timing of tax audit outcomes. The remaining amount of our unrecognized tax liability was classified in other liabilities.

We report accrued interest and penalties related to unrecognized tax benefit liabilities in income tax expense. For fiscal 2015, we recognized a net benefit of $0.2 million of tax-related net interest and penalties, and had $35.2 million of accrued interest and penalties as of May 31, 2015. For fiscal 2014, we recognized a net benefit of $4.6 million of tax-related net interest and penalties, and had $42.0 million of accrued interest and penalties as of May 25, 2014.

NOTE 15. LEASES, OTHER COMMITMENTS, AND CONTINGENCIES

The Company's leases are generally for warehouse space and equipment. Rent expense under all operating leases from continuing operations was $193.5 million, $189.0 million, and $187.9 million in fiscal 2015, 2014, and 2013, respectively.

Some operating leases require payment of property taxes, insurance, and maintenance costs in addition to the rent payments. Contingent and escalation rent in excess of minimum rent payments and sublease income netted in rent expense were insignificant.

Noncancelable future lease commitments are:

In Millions	Operating Leases	Capital Leases
Fiscal 2016	$ 108.4	$ 0.6
Fiscal 2017	76.2	0.4
Fiscal 2018	56.9	0.2
Fiscal 2019	45.0	0.2
Fiscal 2020	32.4	0.1
After Fiscal 2020	81.6	—
Total noncancelable future lease commitments	$ 400.5	$ 1.5
Less: interest		(0.1)
Present value of obligations under capital leases		$ 1.4

These future lease commitments will be partially offset by estimated future sublease receipts of approximately $4 million. Depreciation on capital leases is recorded as depreciation expense in our results of operations.

As of May 31, 2015, we have issued guarantees and comfort letters of $434.4 million for the debt and other obligations of consolidated subsidiaries, and guarantees and comfort letters of $258.5 million for the debt and other obligations of non-consolidated affiliates, mainly CPW. In addition, off-balance sheet arrangements are generally limited to the future payments under non-cancelable operating leases, which totaled $400.5 million as of May 31, 2015.

NOTE 16. BUSINESS SEGMENT AND GEOGRAPHIC 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, 59.6 percent of our fiscal 2015 consolidated net sales; International, 29.1 percent of our fiscal 2015 consolidated net sales; and Convenience Stores and Foodservice, 11.3 percent of our fiscal 2015 consolidated net sales.

Beginning in the first quarter of fiscal 2015, we have changed how we assess operating segment performance to exclude the asset and liability remeasurement impact from hyperinflationary economies. This impact is now included in unallocated corporate items. All periods presented have been changed to conform to this presentation.

Beginning with the second quarter of fiscal 2015, we realigned certain operating units within our U.S. Retail operating segment. We also changed the name of our

Yoplait operating unit to Yogurt and our Big G operating unit to Cereal. Frozen Foods transitioned into Meals and Baking Products. Small Planet Foods transitioned into Snacks, Cereal, and Meals. The Yogurt operating unit was unchanged. We revised the amounts previously reported in the net sales and net sales percentage change by operating unit within our U.S. Retail segment to conform to the new operating unit structure. These realignments had no effect on previously reported consolidated net sales, operating segments' net sales, operating profit, segment operating profit, net earnings attributable to General Mills, or EPS. In addition, results from the acquired Annie's business are included in the Meals and Snacks operating units. Our chief operating decision maker continues to assess performance and make decisions about resources to be allocated to our segments at the U.S. Retail, International, and Convenience Stores and Foodservice operating segment level.

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, shelf stable and frozen vegetables, 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 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 breakfasts, 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, 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:

	Fiscal Year		
In Millions	**2015**	**2014**	**2013**
Net sales:			
U.S. Retail	$10,507.0	$10,604.9	$10,614.9
International	5,128.2	5,385.9	5,200.2
Convenience Stores and Foodservice	1,995.1	1,918.8	1,959.0
Total	$17,630.3	$17,909.6	$17,774.1
Operating profit:			
U.S. Retail	$ 2,159.3	$ 2,311.5	$ 2,392.9
International	522.6	535.1	515.4
Convenience Stores and Foodservice	353.1	307.3	314.6
Total segment operating profit	3,035.0	3,153.9	3,222.9
Unallocated corporate items	413.8	258.4	351.3
Divestiture (gain)	—	(65.5)	—
Restructuring, impairment, and other exit costs	543.9	3.6	19.8
Operating profit	$ 2,077.3	$ 2,957.4	$ 2,851.8

Net sales by class of similar products were as follows:

In Millions	Fiscal Year 2015	2014	2013
Snacks	$ 3,392.0	$ 3,232.5	$ 3,024.0
Yogurt	2,938.3	2,964.7	2,908.4
Convenient meals	2,810.3	2,844.2	2,802.9
Cereal	2,771.3	2,860.1	2,889.2
Dough	1,877.0	1,890.2	1,944.7
Baking mixes and ingredients	1,867.7	1,996.4	1,999.5
Vegetables	937.3	1,014.7	1,089.5
Super-premium ice cream	769.5	756.6	717.1
Other	266.9	350.2	398.8
Total	$17,630.3	$17,909.6	$17,774.1

The following table provides financial information by geographic area:

In Millions	Fiscal Year 2015	2014	2013
Net sales:			
United States	$12,501.8	$12,523.0	$12,573.1
Non-United States	5,128.5	5,386.6	5,201.0
Total	$17,630.3	$17,909.6	$17,774.1

In Millions	May 31, 2015	May 25, 2014
Cash and cash equivalents:		
United States	$ 22.9	$ 27.2
Non-United States	311.3	840.1
Total	$ 334.2	$ 867.3

In Millions	May 31, 2015	May 25, 2014
Land, buildings, and equipment:		
United States	$ 2,727.5	$ 2,756.6
Non-United States	1,055.8	1,185.3
Total	$ 3,783.3	$ 3,941.9

NOTE 17. SUPPLEMENTAL INFORMATION

The components of certain Consolidated Balance Sheet accounts are as follows:

In Millions	May 31, 2015	May 25, 2014
Receivables:		
From customers	$ 1,412.0	$ 1,504.6
Less allowance for doubtful accounts	(25.3)	(21.0)
Total	$ 1,386.7	$ 1,483.6

In Millions	May 31, 2015	May 25, 2014
Inventories:		
Raw materials and packaging	$ 390.8	$ 419.0
Finished goods	1,268.6	1,260.2
Grain	95.7	97.1
Excess of FIFO over LIFO cost [(a)]	(214.2)	(216.9)
Total	$ 1,540.9	$ 1,559.4

(a) Inventories of $867.5 million as of May 31, 2015, and $904.2 million as of May 25, 2014, were valued at LIFO. During fiscal 2015, LIFO inventory layers were reduced. Results of operations were not materially affected by these liquidations of LIFO inventory. The difference between replacement cost and the stated LIFO inventory value is not materially different from the reserve for the LIFO valuation method.

In Millions	May 31, 2015	May 25, 2014
Prepaid expenses and other current assets:		
Other receivables	$ 148.8	$ 153.9
Prepaid expenses	169.3	187.2
Derivative receivables, primarily commodity-related	80.9	33.3
Grain contracts	3.3	7.5
Miscellaneous	21.5	27.2
Total	$ 423.8	$ 409.1

In Millions	May 31, 2015	May 25, 2014
Land, buildings, and equipment:		
Land	$ 96.0	$ 106.9
Buildings	2,272.7	2,228.4
Buildings under capital lease	0.3	0.3
Equipment	6,091.1	5,979.7
Equipment under capital lease	9.8	9.0
Capitalized software	499.0	468.0
Construction in progress	622.2	600.8
Total land, buildings, and equipment	9,591.1	9,393.1
Less accumulated depreciation	(5,807.8)	(5,451.2)
Total	$ 3,783.3	$ 3,941.9

In Millions	May 31, 2015	May 25, 2014
Other assets:		
Investments in and advances to joint ventures	$ 530.6	$ 507.5
Pension assets	138.2	432.2
Exchangeable note with related party	30.7	68.2
Life insurance	26.6	25.8
Miscellaneous	117.5	111.8
Total	$ 843.6	$1,145.5

In Millions	May 31, 2015	May 25, 2014
Other current liabilities:		
Accrued trade and consumer promotions	$ 564.7	$ 578.2
Accrued payroll	361.8	390.1
Dividends payable	27.9	33.5
Accrued taxes	20.7	63.1
Accrued interest, including interest rate swaps	91.8	92.5
Grain contracts	7.8	4.8
Restructuring and other exit costs reserve	120.8	3.5
Derivative payable	122.9	23.1
Miscellaneous	271.5	261.1
Total	$1,589.9	$1,449.9

In Millions	May 31, 2015	May 25, 2014
Other noncurrent liabilities:		
Accrued compensation and benefits, including obligations for underfunded other postretirement benefit and postemployment benefit plans	$1,451.4	$1,341.9
Accrued taxes	202.5	195.6
Miscellaneous	90.9	105.7
Total	$1,744.8	$1,643.2

Certain Consolidated Statements of Earnings amounts are as follows:

	Fiscal Year		
In Millions	2015	2014	2013
Depreciation and amortization	$588.3	$585.4	$588.0
Research and development expense	229.4	243.6	237.9
Advertising and media expense (including production and communication costs)	823.1	869.5	895.0

The components of interest, net are as follows:

	Fiscal Year		
Expense (Income), In Millions	2015	2014	2013
Interest expense	$335.5	$323.4	$333.8
Capitalized interest	(6.9)	(4.9)	(4.3)
Interest income	(13.2)	(16.1)	(12.6)
Interest, net	$315.4	$302.4	$316.9

Certain Consolidated Statements of Cash Flows amounts are as follows:

	Fiscal Year		
In Millions	2015	2014	2013
Cash interest payments	$305.3	$288.3	$293.0
Cash paid for income taxes	562.6	757.2	569.4

NOTE 18. QUARTERLY DATA (UNAUDITED)

Summarized quarterly data for fiscal 2015 and fiscal 2014 follows:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
In Millions, Except Per Share Amounts	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Net sales	$4,268.4	$4,372.7	$4,712.2	$4,875.7	$4,350.9	$4,377.4	$4,298.8	$4,283.8
Gross margin	1,438.7	1,613.0	1,619.1	1,761.7	1,375.9	1,512.7	1,515.5	1,482.4
Net earnings attributable to General Mills	345.2	459.3	346.1	549.9	343.2	410.6	186.8	404.6
EPS:								
Basic	$ 0.56	$ 0.71	$ 0.58	$ 0.87	$ 0.57	$ 0.66	$ 0.31	$ 0.66
Diluted	$ 0.55	$ 0.70	$ 0.56	$ 0.84	$ 0.56	$ 0.64	$ 0.30	$ 0.65
Dividends per share	$ 0.41	$ 0.38	$ 0.41	$ 0.38	$ 0.41	$ 0.38	$ 0.44	$ 0.41
Market price of common stock:								
High	$ 55.56	$ 52.73	$ 53.82	$ 51.53	$ 55.11	$ 51.50	$ 57.14	$ 54.40
Low	$ 50.15	$ 47.08	$ 48.86	$ 47.41	$ 51.13	$ 46.86	$ 51.70	$ 49.66

At the end of the fourth quarter of fiscal 2015, we made a strategic decision to redirect certain resources supporting our Green Giant business in our U.S. Retail segment to other businesses within the segment. Therefore, we recorded a $260 million impairment charge in the fourth quarter of fiscal 2015 related to the *Green Giant* brand intangible asset. See Note 6 for additional information.

During the fourth quarter of fiscal 2015, we approved a one-time repatriation of $606.1 million of foreign earnings and recorded a discrete income tax charge of $78.6 million.

During the fourth quarter of fiscal 2014, we sold certain grain elevators in our U.S. Retail segment and recorded a pre-tax gain of $65.5 million.

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).

Average total capital. Notes payable, long-term debt including current portion, redeemable interest, noncontrolling interests, and stockholders' equity excluding AOCI, and certain after-tax earnings adjustments are used to calculate return on average total capital. The average is calculated using the average of the beginning of fiscal year and end of fiscal year Consolidated Balance Sheet amounts for these line items.

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.

Core working capital. Accounts receivable plus inventories less accounts payable, all as of the last day of our 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. European 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.

Fixed charge coverage ratio. The sum of earnings before income taxes and fixed charges (before tax), divided by the sum of the fixed charges (before tax) and interest.

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.

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.

Gross margin. Net sales less cost of sales.

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 (loss).

Operating cash flow to debt ratio. Net cash provided by operating activities, divided by the sum of notes payable and long-term debt, including the current portion.

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.

Reporting unit. An operating segment or a business one level below an operating segment.

Return on average total capital. Net earnings attributable to General Mills, excluding after-tax net interest, and adjusted for certain items affecting year-over-year comparability, divided by average total capital.

Segment operating profit margin. Segment operating profit divided by net sales for the segment.

Supply chain input costs. Costs incurred to produce and deliver product, including costs for ingredients and conversion, inventory management, logistics, and warehousing.

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

Transaction gains and losses. The impact on our Consolidated Financial Statements of foreign exchange rate changes arising from specific transactions.

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.

Variable interest entities (VIEs). A legal structure that is used for business purposes that either (1) does not have equity investors that have voting rights and share in all the entity's profits and losses or (2) has equity investors that do not provide sufficient financial resources to support the entity's activities.

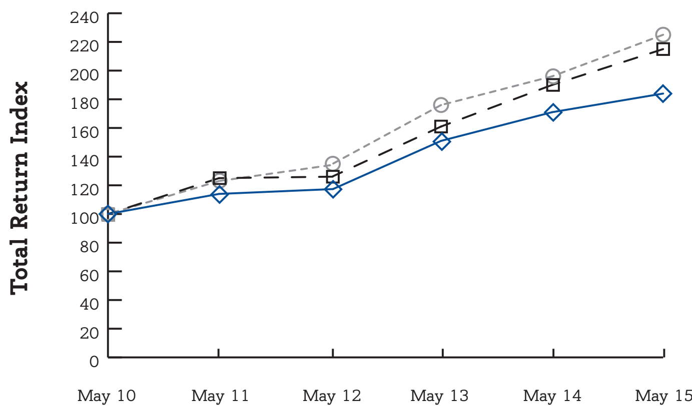
Working capital. Current assets and current liabilities, all as of the last day of our fiscal year.

Total Return to Stockholders

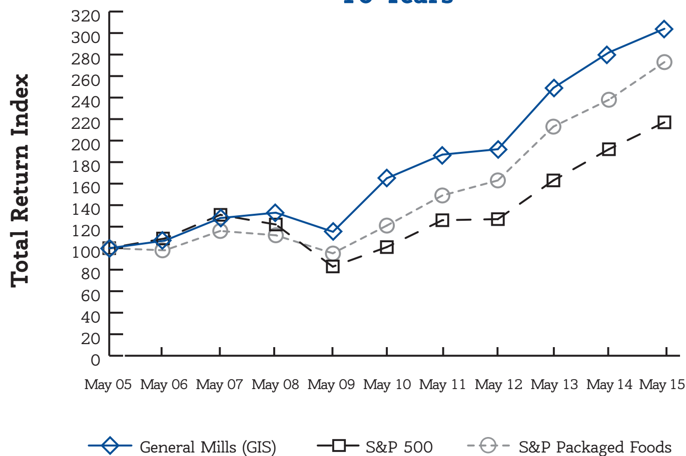
These line graphs compare the cumulative total return for holders of our common stock with the cumulative total return of the Standard & Poor's 500 Stock Index and Standard & Poor's 500 Packaged Foods Index for the last five-year and ten-year fiscal periods. The graphs assume the investment of $100 in each of General Mills' common stock and the specified indexes at the beginning of the applicable period, and assume the reinvestment of all dividends.

On June 19, 2015, there were approximately 32,000 record holders of our common stock.

Total Return to Stockholders
5 Years



Total Return to Stockholders
10 Years



Board of Directors

As of August 1, 2015

Bradbury H. Anderson[2*,5]
Retired Chief Executive Officer
and Vice Chairman,
Best Buy Co., Inc.
(electronics retailer)

R. Kerry Clark[3,4*]
Retired Chairman and
Chief Executive Officer,
Cardinal Health, Inc.
(medical services and supplies)

David M. Cordani[1,2]
President and Chief Executive
Officer, Cigna Corporation
(health insurance and services)

Paul Danos[3,5*]
Dean Emeritus,
Tuck School of Business and
Laurence F. Whittemore Professor
of Business Administration,
Dartmouth College

Henrietta H. Fore[1,5]
Chairman and
Chief Executive Officer,
Holsman International
(manufacturing, consulting
and investing)

Raymond V. Gilmartin[1,2,+]
Retired Chairman, President
and Chief Executive Officer,
Merck & Company, Inc.
(pharmaceuticals)

Judith Richards Hope[2,4,+]
Retired Professor of Law,
Georgetown University
Law Center

Heidi G. Miller[1*,3]
Retired President,
JPMorgan International,
JPMorgan Chase & Co.
(banking and financial services)

Hilda Ochoa-Brillembourg[1,5,+]
Founder, Chairman and
Chief Executive Officer,
Strategic Investment Group
(investment management)

Steve Odland[2,4]
President and Chief Executive
Officer, Committee for Economic
Development (public policy)
and Former Chairman and Chief
Executive Officer, Office Depot,
Inc. (office products retailer)

Kendall J. Powell
Chairman and Chief Executive
Officer, General Mills, Inc.

Michael D. Rose[2,4,**]
Retired Chairman of the Board,
First Horizon National Corporation
(banking and financial services)

Robert L. Ryan[1,3*]
Retired Senior Vice President
and Chief Financial Officer,
Medtronic, Inc.
(medical technology)

Dorothy A. Terrell[4,5]
Managing Partner, FirstCap
Advisors (venture capital)

Board Committees
[1] Audit
[2] Compensation
[3] Finance
[4] Corporate Governance
[5] Public Responsibility
*Denotes Committee Chair
**Denotes Independent
Lead Director
+Retiring September 2015

Senior Management

As of August 1, 2015

Richard C. Allendorf
Senior Vice President;
General Counsel and Secretary

Gary Chu
Senior Vice President;
President, Greater China

John R. Church
Executive Vice President,
Supply Chain

David V. Clark
Vice President;
President, Yoplait USA

David E. Dudick Sr.
Senior Vice President;
President, General Mills Canada

Mary J. Ekman
Senior Vice President,
U.S. Retail Finance

Peter C. Erickson
Executive Vice President,
Innovation, Technology
and Quality

Olivier Faujour
Vice President;
President, Yoplait International

John M. Foraker
Vice President; President,
Annie's Foods

Jeffrey L. Harmening
Executive Vice President;
Chief Operating Officer,
U.S. Retail

David P. Homer
Senior Vice President;
Chief Executive Officer,
Cereal Partners Worldwide

Christina Law
Vice President;
President, Asia, Middle East
and Africa

Michele S. Meyer
Senior Vice President;
President, Meals

Donal L. Mulligan
Executive Vice President;
Chief Financial Officer

James H. Murphy
Senior Vice President;
President, Big G Cereals

Kimberly A. Nelson
Senior Vice President,
External Relations; President,
General Mills Foundation

Elizabeth M. Nordlie
Vice President;
President, Baking

Jonathon J. Nudi
Senior Vice President;
President, Europe,
Australia and New Zealand

Rebecca L. O'Grady
Vice President;
President, Häagen-Dazs
Strategic Business Unit

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

Christopher D. O'Leary
Executive Vice President;
Chief Operating Officer,
International

Kendall J. Powell
Chairman and
Chief Executive Officer

Bethany C. Quam
Vice President;
President, Convenience Stores
and Foodservice

Ann W. H. Simonds
Senior Vice President;
Chief Marketing Officer

Anton V. Vincent
Vice President;
President, Snacks

Sean N. Walker
Senior Vice President;
President, Latin America

Kristen S. Wenker[+]
Senior Vice President,
Investor Relations

Jacqueline R. Williams-Roll
Senior Vice President,
Human Resources

Keith A. Woodward
Senior Vice President;
Treasurer

Jerald A. Young
Vice President; Controller

+Retiring September 2015

Shareholder Information

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Number One General Mills Boulevard
Minneapolis, MN 55426-1347
Phone: (763) 764-7600

Website
GeneralMills.com

Markets
New York Stock Exchange
Trading Symbol: GIS

Independent Auditor
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4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3900
Phone: (612) 305-5000

Investor Inquiries
General Shareholder Information:
Investor Relations Department
(800) 245-5703 or (763) 764-3202

Analysts/Investors:
Jeff Siemon
Director, Investor Relations
Phone: (763) 764-2301

Transfer Agent and Registrar
Our transfer agent can assist you with a variety of services, including change of address or questions about dividend checks:

Wells Fargo Bank, N.A.
1110 Centre Pointe Curve
Mendota Heights, MN 55120-4100
Phone: (800) 670-4763 or (651) 450-4084
shareowneronline.com

Electronic Access to Proxy Statement, Annual Report and Form 10-K
Shareholders who have access to the Internet are encouraged to enroll in the electronic delivery program. Please see the Investors section of GeneralMills.com, or go directly to the website, ICSDelivery.com/GIS and follow the instructions to enroll. If your General Mills shares are not registered in your name, contact your bank or broker to enroll in this program.

Notice of Annual Meeting
The annual meeting of shareholders will be held at 8:30 a.m., Central Daylight Time, Tuesday, Sept. 29, 2015, at the Hilton Hotel Minneapolis, 1001 Marquette Avenue South, Minneapolis, MN 55403. Proof of share ownership is required for admission. Please refer to the Proxy Statement for information concerning admission to the meeting.

General Mills Direct Stock Purchase Plan
This plan provides a convenient and economical way to invest in General Mills stock. You can increase your ownership over time through purchases of common stock and reinvestment of cash dividends, without paying brokerage commissions and other fees on your purchases and reinvestments. For more information and a copy of a plan prospectus, go to the Investors section of GeneralMills.com

Global Responsibility Report

We are committed to creating economic, social and environmental value around the world as we pursue our purpose of making food people love. Our efforts include providing convenient, nutritious food for consumers globally, building strong communities through philanthropy and volunteerism, and developing sustainable business practices that reduce our impact on the environment.

For a comprehensive review of our commitment to stand among the most socially responsible food companies in the world, see our Global Responsibility Report available at GeneralMills.com/Responsibility.

Holiday Gift Boxes

General Mills Gift Boxes are a part of many shareholders' December holiday traditions. To request an order form, call us toll-free at (888) 496-7809 or write, including your name, street address, city, state, ZIP code and phone number (including area code) to:

2015 General Mills Holiday Gift Box
Department 10432
P.O. Box 5015
Stacy, MN 55078-5015

Or you can place an order online at: GMIHolidayGiftBox.com

Please contact us after October 1, 2015.

Design by Addison www.addison.com Printing by GLS Companies

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