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Stock Rating: Hold
As of 11/18/2024

Stock Price: \$63.81
Target Range: \$63 - \$73

Company Overview

General Mills was founded in 1866 and has since developed the gold standard. Today they hold a portfolio of Betty Crocker, Cheerios, Pillsbury, as well as many other household brand names.

Financial Snapshot

Valuation Models:

- DCF: \$71.64
- DDM: \$71.53
- Relative Valuation: \$78.74

Stock Performance Highlights:

- Current Price: \$63.81
- 52-Week Range: \$61.48 – 75.90
- Market Cap: 35.59B

Financial Metrics:

- 2024 Revenue (\$M): \$19,857.2
- 2025E Revenue (\$M): \$19,941.6
- 2024 EPS: \$4.34
- 2025E EPS: \$5.66

Financial Ratios:

- 2024 ROE: 23.33%
- 2024 ROA: 7.94%
- 2024 Net Profit Margin: 37.51%

Investment Thesis

We recommend a strong **HOLD** on General Mills with a target price range of \$63 - \$73 because although they have experienced slow revenue growth in a competitive industry, they maintain strong brand equity and have a growing competitive advantage in the pet market.

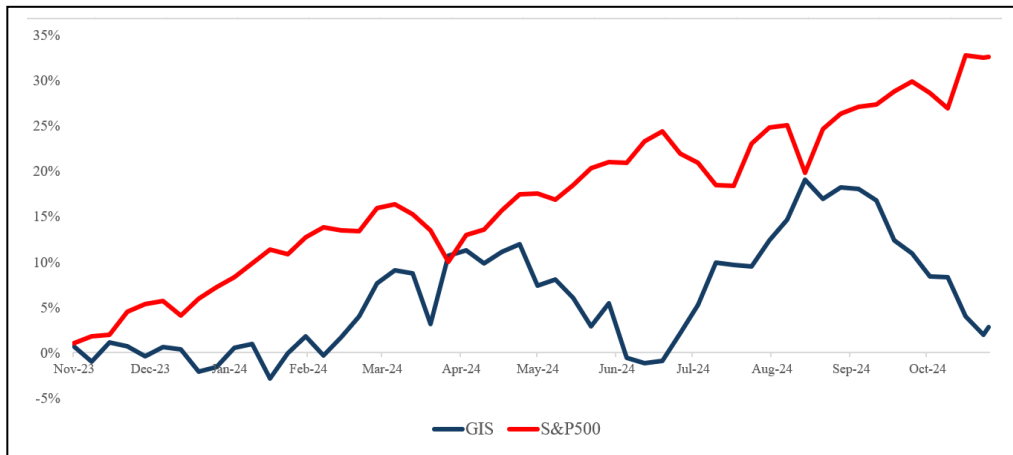
Drivers of Thesis:

- **Subsidiaries with household brand names:** General Mills has a wide portfolio with top brand names including Cheerios, Nature Valley, Haagen-Dazs, and many more. These brands are a staple in many households across the world.
- **Competitive advantage in growing pet market:** The company owns Blue Buffalo, the world’s leading pet food supplier. General Mills acquired a Belgian pet brand in April of 2024, and Whitebridge Pet Brands’ cat feeding and treats business in November of 2024 to gain greater market share of the pet business. They are the only one of industry peers that has a focus in this area.

Risk to Investment Thesis:

- **Slow revenue growth:** The consumer staples sector is a slow growing industry. The food processing industry tends to be slow organic growth and have a tendency on mergers and acquisitions. General Mills’ recent yogurt divestiture indicates potential revenue volatility. The recent Q1 earnings has indicated a 1% decline in revenue and net income leading us to project around 1-3% growth in the 8-year forecast [19].
- **Private-label brand popularity:** Many retail distributors have created a private label. These private labels are set at a lower price point, which attracts consumers during economic downturns.

1 Year Stock Price Returns Compared to S&P 500

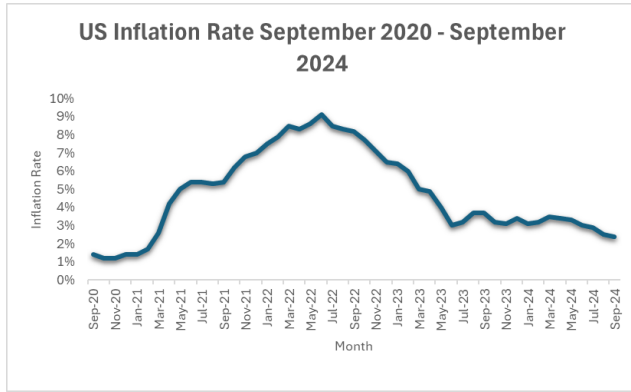


Source [10]

Economic Analysis

Inflation

The chart below illustrates the rolling 12-month inflation rate in the United States from September of 2020 to September of 2024.

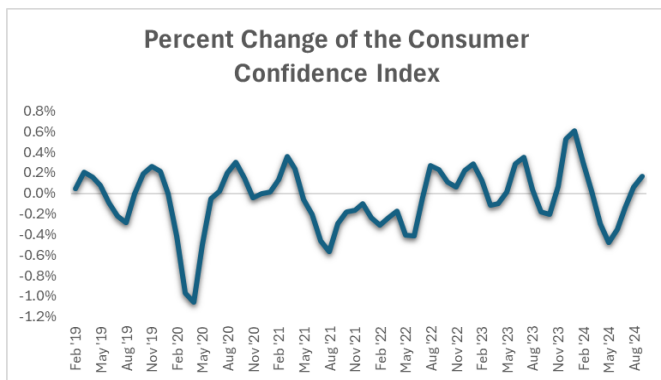


Source [18]

Inflation rose rapidly following the COVID-19 pandemic in 2020 and peaked at just above 9% in June of 2022. High inflation means that there is an increase in prices, and it generally results in a decrease in consumer spending. A high inflation rate could hurt General Mills because material costs are higher, and they would experience a decline in sales. As the federal reserve cuts interest rates, we expect the inflation rate to flatten out between 2 and 3% heading into 2025, indicating an upward trend for General Mills' sales.

Consumer Confidence Index

The consumer confidence index is a measure of how consumers are feeling about their financial situation. Historically, this measure has been volatile (as shown in the chart below).

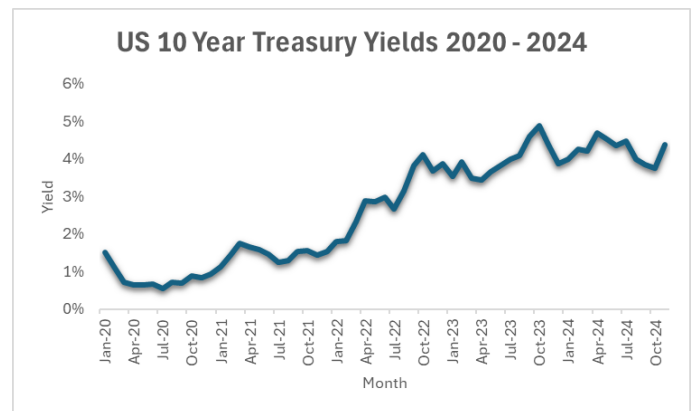


Source [7]

The higher the consumer confidence index, the more secure the population feels in their savings and the more money they are likely to spend. During times of recession, such as the global financial crisis in 2008 and the COVID-19 pandemic, the index has decreased. We expect consumer confidence to flatten out or increase by about 1% in the next year. It is important that the index remains stable. If consumers are nervous and pessimistic about their financial situation, they are more likely to purchase off brand or private label food products that more easily fit into their budget, resulting in less sales for General Mills.

Interest Rates

Interest rates are important to the economy for multiple reasons. For one, the cost of borrowing directly impacts consumer purchasing decisions. If the rate is higher, customers are more likely to choose the least expensive products within the consumer staples industry. General Mills is especially susceptible to this because they produce higher quality and more expensive products that are easily substitutable. More importantly, interest rates effect the corporate weighted average cost of capital (WACC). Increases in the WACC result in less ability to fund capital expenditures and growth initiatives. General Mills' is funded by nearly 25% debt, so it is important that their cost of borrowing remains low and stable. We have chosen to analyze the 10-year treasury bond yield, as this is what we used to estimate the WACC in our model. The chart below shows the yield since 2020. The rate has been rising since the middle of 2023 and it currently at 4.41%.



Source [21]

As inflation slows, we expect the 10 year treasury yield to decrease to between 3 and 4% in the

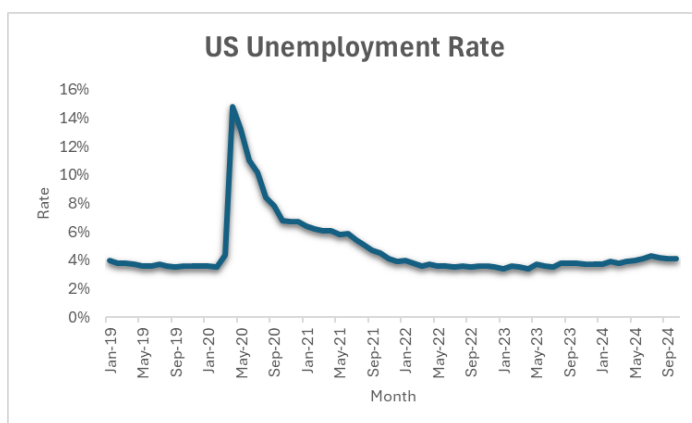
upcoming year. This decrease would be beneficial for the company because it would help drive growth and increase their overall value.

Real GDP

Real GDP in the United States increased by 1.9% in 2022 and 2.5% in 2023 [8]. Real gross domestic product measures all the goods and services produced in the country, adjusted for inflation. The growth over the last two years is an indicator of expansion and a greater number of products being produced. Based on data showing increased consumer and government spending, we expect this number to continue to rise by 2% to 5% in the next five years. Consumer staples companies such as General Mills are more likely to invest in capital projects in hopes of growing their revenues during times of expansion. In building our models for General Mills, we assumed a revenue growth rate consistent with our GDP growth projections.

Unemployment

Unemployment is an important variable within the consumer staples industry because it affects consumer purchasing decisions and the ability to attract and retain employees without substantial wage pressure. As shown in the chart below, unemployment increased dramatically during the pandemic but has hovered around 4% over the last few years.



Source [3]

If consumers have a steady income, they have more purchasing power and are more likely to spend their money on General Mills products. It is important for General Mills to find a balance with the unemployment rate. If the rate falls too low, it is

difficult to attract new, talented employees and there becomes pressure to pay higher wages to employees within the manufacturing plants. We expect the rate to remain steady and General Mill's compensation to stay the same.

Industry Analysis

General Mills is in the industry of packaged food manufacturing and production. Like many comparable companies, General Mills has multiple subsidiaries that cover a wide range of product lines including cereals, packaged snacks, baking mixes, ice cream, yogurt, canned fruits and vegetables, and meal kits. Companies in this industry make money by manufacturing and distributing food products to retailers. Revenue comes from selling packaged food to wholesalers and grocery and convenience stores worldwide. Firms are differentiated by brand recognition, ability to cater to consumer preferences, strength of their distribution channels, and innovation of new products.

Social and Demographic Changes

Packaged food is heavily influenced by consumer preferences and way of living. One important trend currently affecting the industry is the shift toward a healthier lifestyle and consumption of less sugar and more nutrient dense foods. As a result, cereal sales in the United States plummeted 8.7% in 2021 and another 3.9% in 2022 [1]. If this trend continues, and General Mills does not introduce lower sugar options, it could severely impact sales.

Private Label Competition

Many stores such as Walmart, Target, and Costco have developed their own private labels. Private labels tend to be budget-conscious, which attracts consumers during economic downturns. In 2023, sales of private brand food and beverages increased 6.7% [22]. Many stores are beginning to shift their focus onto private labels due to the consumer attitude change. Most products offered by private labels are similar and are in direct competition for General Mills. Due to the recent COVID-19 pandemic and high inflation rates, General Mill's high price point has put them at a disadvantage.

Government and Regulatory Changes

Manufacturing packaged food requires the use of carbon emissions and plastic. There has been recent regulatory action that impacts operations and expenses for companies in the industry. Extended Producer responsibility is one example which requires certain products to be recycled and puts the producer responsible for their product's whole lifecycle, including disposal [6]. If this is enforced in the future, food manufacturers will face increased costs and liabilities that could decrease their margins.

M&A Activity

Growth within the industry has become dependent on the ability to make mergers and acquisitions. There were 945 acquisitions of consumer goods in 2023, 41% of them relating to processed food [15]. To be competitive within the industry that sees slow, stable growth, it is important to target small companies and acquire those that could build upon product lines.

Peer Comparisons

General Mills' biggest competitors include Kraft Heinz, Kellanova, Tyson Foods, and Mondelez International.

Financial Metrics

The chart below demonstrates the size and scale of the largest players within the industry.

(In Millions)	General Mills	Tyson Food, Inc	Kellanova	Kraft Heinz Company	Mondelez International, Inc
Market Cap	41,028.4	21,847.9	27,729.6	43,031.1	100,532.1
Sales	19,857.2	53,092	12,821	26,317	35,976
Net Income	2,496.6	(7)	907	1,922	3,947

Source [17]

General Mills is the third largest of its peers based on market capitalization. However, they have the second highest net income and the highest profit margin. This demonstrates that the company competes very well, and its management is effective in limiting expenses to drive a strong profit.

	General Mills	Tyson Food, Inc	Kellanova	Kraft Heinz Company	Mondelez International, Inc
Profit Margin	12.6%	(.01%)	7.1%	7.3%	5.7%
Return on Assets	7.5%	3%	5.1%	3.7%	5.2%
Return on Equity	23.3%	4.5%	21.8%	5.8%	18%
P/E Ratio	17.1	-	32	22.5	25.9

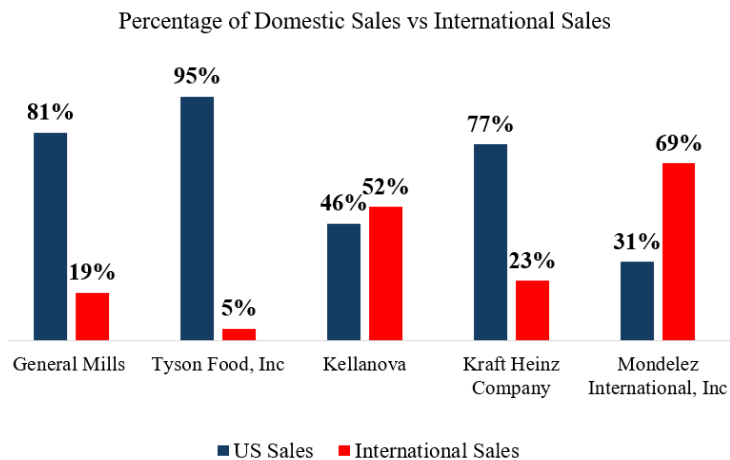
Source [17]

As shown in the table above, the company generates a 23.3% return on equity, the highest of its main competitors. They can use their financing sources well and drive returns for investors. In building our final recommendation, General Mill's return compared to its peers stood out as a key positive of continued investment.

Operating Metrics

Domestic & International Sales

There are several companies within the industry that operate outside of the United States. The ability to distribute across the globe and reach a wider range of customers is a large component of growth. The table below shows the percentage of each peer's international sales.

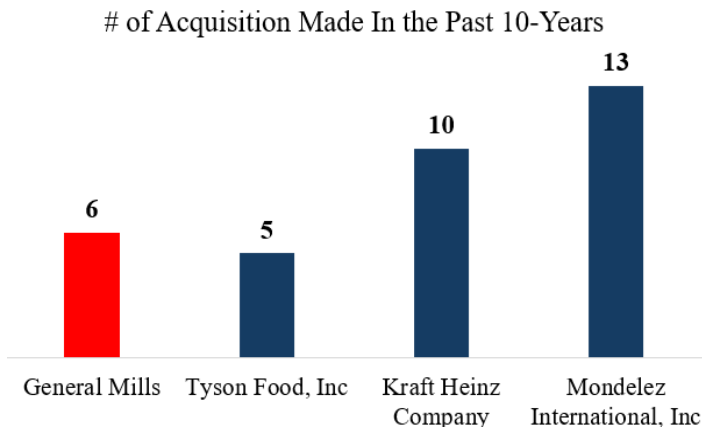


Source [17]

General Mills has made a strategic decision to keep international sales close to 20%, their main brand recognition comes from within the United States.

Mergers & Acquisitions

As previously discussed, mergers and acquisitions are important strategic decisions that ultimately drive performance. Since acquiring companies is a time-consuming process, the profit generation varies from year to year. The chart below shows the number of acquisitions made by top competitors over the past 10 years.

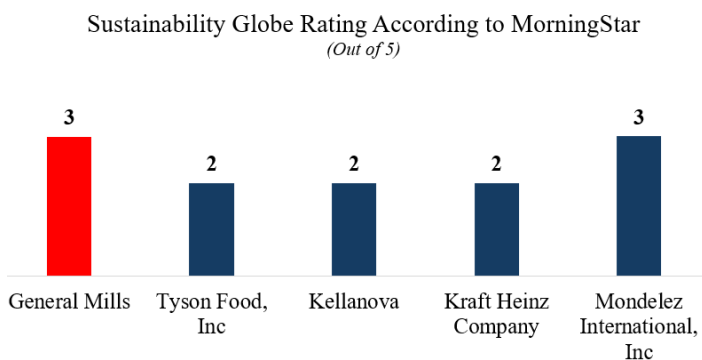


Source [16]

Mondelez excelled in this area, as they acquired Ricolino, Clif Bar, Chipta, which are some of their strongest performers [16]. In the future, General Mills could see growth if they make acquisitions a priority.

Environmental, Social and Governance

The chart below illustrates the sustainability rating that General Mills and each of its competitors received from MorningStar in 2023.



Source [20]

General Mills has a sustainability rating of 3 out of 5. Along with Mondelez International, they have the

highest in the industry. However, it is very important that the company continues to prioritize sustainability to make the world better. Environmental, social, and governance is an increasingly important non-financial metric used to value businesses. Consumers are more likely to interact with companies who take care of the environment, prioritize human rights, and conduct themselves ethically.

Competitive Landscape

There is a moderate threat of new entrants into the industry resulting in substitutes for General Mills products. Private label products have become increasingly popular as grocery stores and retailers are hoping to cut costs of production and attract new customers with lower prices. However, most General Mills has a very strong brand reputation and associated loyal customers.

There is a high threat to the bargaining power of buyers. Packaged food is consumed by millions of Americans and is consistently bought by retailers, resulting in a concentrated buyer's market.

Bargaining Power of Suppliers is a low threat to industry players. Many food manufacturers and producers have ties with suppliers across the globe. General Mills has thousands of suppliers across the globe in order to eliminate this risk.

Catalysts for Growth and Change

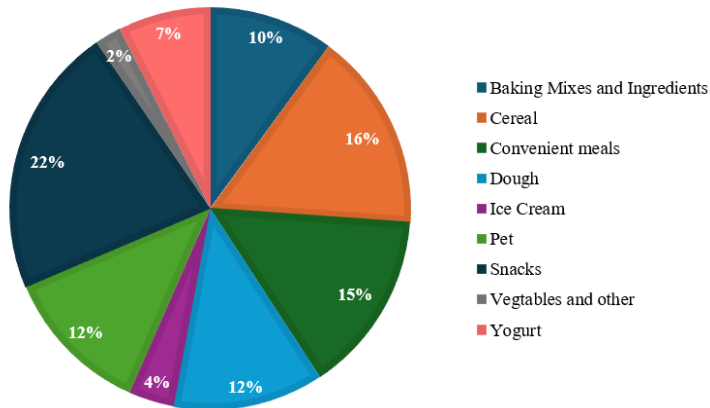
The packaged food manufacturing industry is non-volatile and slow growing. It is not extremely dependent on economic conditions as consumers will always need to purchase food. As a result, brand loyalty is crucial to maintaining customers and continuing growth. Two factors that have the potential to drive industry forward are research and development and technology. General Mills, along with the rest of the industry, has a unique opportunity to expand their customer base through the development of new products, and research on consumer friendly and healthier foods. In addition, technology could improve margins by speeding up the manufacturing process and decreasing factory labor costs.

Company Analysis

Revenue Analysis

General Mill's generates revenue from nine main product lines: snacks, cereals, convenient meals, dough, pet, baking mixes and ingredients, yogurt, ice cream, and vegetables. Below is a pie chart demonstrating the percentage of total sales generated from each segment in 2024.

REVENUE BY SEGMENT



Source [9]

Snacks

General Mill's main snack brands include Bugles, Chex Mix, Cookie Crisp, Dunkaroos, and Gardettos. Making up 22% of the company's total sales, snacks are crucial to General Mills' business model. Due to estimates and management discussions during earnings calls, we expect snacks to grow at a rate near 6% over the next 7 years.

Cereals

Cereal has been a focus for General Mills since the company began in 1866. They are the owners of the world's most popular cereal brands including Cheerios, Lucky Charms, Cinnamon Toast Crunch, Cocoa Puffs, and Golden Grahm's. The segment's contribution to overall sales has slightly declined over time due to changing consumer habits and concerns related to sugar content; therefore, in building our model, we assumed low growth for cereal, near 1%.

Convenient Meals

Convenience is an increasingly important trend within the lives of busy Americans. General Mills has an effective network and distribution channels that deliver convenient meals to stores throughout the world. The segment makes up 15% of total sales and we anticipate it to grow near 2% in the future.

Dough

Pillsbury dough is an iconic brand name that General Mills has built up since the 1950s. The dough segment saw steep growth near 8% in 2020, as consumers began baking at home again during the COVID-19 pandemic. We expect an increase near 1% as the company introduced a sourdough variation of biscuits in early 2024.

Pet

General Mills broke into the pet market in 2018 with their acquisition of Blue Buffalo, the world's leading pet food supplier. The segment saw 108% growth in 2020, indicating a strong demand. By fiscal year 2024, the pet segment made up 12% of total sales, with the acquisition of Edgard and Cooper, a leading European brand, in April. This November the company also announced an acquisition of Whitebridge Pet Brands' premium cat and treat business for \$1.45 billion [11]. As pet products become a core part of the business, we expect continued growth at a rate close to 4%.

Baking Mixes and Ingredients

Baking mixes and ingredients made up 10% of the company's total sales in 2024. Brands such as Betty Crocker, Buisquick, and Gold Medal have proven to have an excellent reputation and are leaders in the industry. In 2023, the segment saw 10% growth and we expect continued positive sales. We forecast baking mixes and ingredients to increase from 2% to 3% as new mixes are introduced to keep up with social trends.

Yogurt

General Mills yogurt segment has had continuously declining revenues. In both 2022 and 2023 revenue declined by over 14%, hurting their profit margins. In

recent months, General Mills has announced plans to sell their North American yogurt business for around \$2.1 billion [19]. This strategic decision would essentially wipe out the segment by 2028.

Ice Cream

Ice cream has been an area of decline in recent years. Consistent with this year’s first quarter results, we expect a decline of nearly 2% over the next 7 years. Making up only 4% of total sales, it is not a primary focus for the company. General Mills’ largest brand of ice cream is Haagen Daez, which saw a recall in 2023. The ice cream market sees many competitors with companies such as Ben and Jerry’s dominating over General Mills.

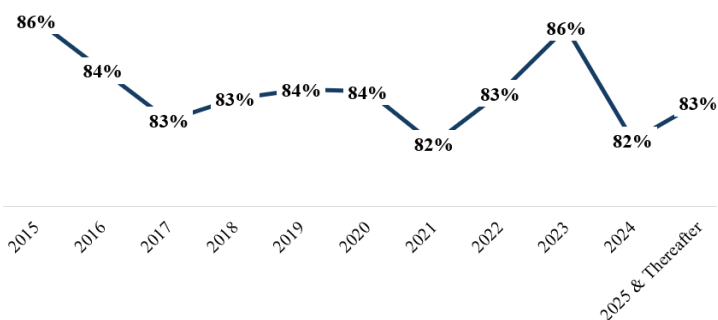
Vegetables

With current health trends, vegetables are an area that could see potential growth. Currently, only 2% of total sales come from vegetables. However, in late 2023, the company introduced a broccoli and cauliflower medley to attract more customers. We anticipate growth in the segment slightly above 2%.

Expense Analysis

In 2024, operating expenses were around 82% of sales. The highest driver is cost of sales around 63% of sales. General Mills states costs are driven by cost inflation which is around 5% of total cost of sales and labor inflation that impacts sourcing, manufacturing, and logistics costs [13]. We forecast cost of sales to be approximately 63% of sales due to the recent yogurt sale. The sale will keep cost of sales consistent and be lower than total percentage compared to previous years. Sales and administrative expenses have been volatile with millions in restructuring costs. To calculate our projections, we took a 5-year average of sales and administrative expenses to total sales.

Operating Expenses as a Percentage of Sales



Source [9]

The chart above depicts the operating expenses as a percentage of sales. For the food processing industry, the average operating expenses as a percentage of sales is around 89%. The main difference is General Mills has 12% lower cost of sales as a percentage of sales than the industry average, indicating General Mills can manage and control costs better than competitors [5].

General Mills has an operating margin of 17.3% which is approximately 7% higher than the pre-tax unadjusted operating margin of the food processing industry [5]. General Mills has high operating margins indicating strength in cost savings compared to competitors.

Debt Analysis

The current debt maturity schedule is as follows:

Current Debt Schedule (In Millions)	2024
Due in 2024	\$813.6
Due in 2025	\$1,300
Due in 2026	\$650.8
Due in 2027	\$1,683.9
Due in 2028	\$1,900
Due in 2029 and thereafter	\$6,799.4

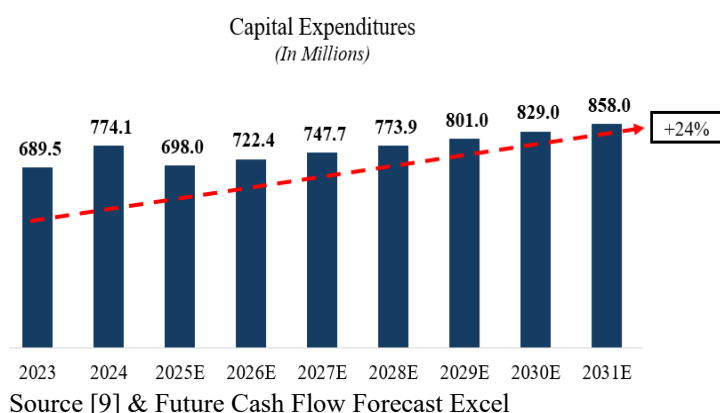
Source [9]

General Mills tends to refinance many of their long-term notes and payables. General Mills can pay off their debts using operating cash flows. In 2024 operating cash flow was \$3,302.6 million, an 18.8% increase from 2023. In our model, we project cash flows from operations will be positive but potentially decline by 36% in 2025. This could create issues as

General Mills will continue to pay their dividends and expand capital expenditures. Furthermore, General Mills will most likely continue to refinance most of their upcoming long-term notes as interest rates continue to decline, making the ability to borrow cheaper. Additionally, General Mills has a credit rating of BBB and has been considered stable since 2018 [17]. All other major competitors such as Mondelez International, Kraft Heinz Company, and Tyson Foods, Inc. have a BBB credit rating. General Mills has a similar credit and debt rating to many of their peers in the food processing industry.

Capital Expenditures

General Mills has had a lot of fluctuation in capital expenditures. The COVID-19 pandemic resulted in the least amount of capital spent between 2020 and 2022. However, since the 2022, General Mills has seen a 36% increase in capital expenditures indicating a shift in focus toward new equipment and warehouses. Additionally, proceeds from land, building, and equipment disposal was down 38% from 2023 to 2024. Furthermore, management has indicated that capital expenditures will be approximately 3.5% of sales in 2025 [9]. From our projection of low revenue growth in 2025, we anticipate the capital expenditure amount will decline in 2025. However, after using the 3.5% of sales as a baseline for future years, capital expenditures would grow 24% from 2023 to 2031 based on our estimates.



Recent News

General Mills announced on September 12, 2024, an agreement to sell the North American yogurt business to Lactalis and Sodiaal. The cash transaction is valued at approximately \$2.1 billion. The transaction is

expected to close in the calendar 2025 with all proceeds going toward future share repurchases. General Mills states it sold their yogurt subsidiaries to focus on building its core brands and relentlessly innovate [12]. General Mills also announced on November 14, 2024, they are expanding their pet business by acquiring Whitebridge Pet Brands North American premium cat feed and pet treats business from NXMH. The transaction is valued at approximately \$1.45 billion. General Mills states the acquisition will complement the current pet portfolio and grow the cat and feeding treats business [11]. We anticipate General Mills will use the proceeds from selling their yogurt business to pay for the acquisition. Additionally, on September 18, 2024, General Mills reported their 2025 first-quarter earnings. Net sales were down around 1% and operating profit was down 11%. General Mills forecasts 2025 organic net sales to range between flat and up 1% [18]. This earnings release is on track with our revenue assumptions of approximately .5% growth.

Payout Policy

General Mills has paid a dividend every year for the past 124 years. In 2024, General Mills paid a dividend of \$2.36 per share, which was a 9% increase from 2023. The increase showcases General Mills is a mature company and dividend payouts are an expectation for shareholders. The current dividend yield is approximately 4%. After a high increase in dividends per share in 2024 we anticipate a conservative estimate of a 2% increase. From 2025-2031, we predict an average increase of 4% in dividends per share each year.

Furthermore, General Mills repurchased approximately 29 million common stock shares for \$2 billion in 2024. The repurchase amount was an increase of 42% from 2023 but has seen a large spike since 2019 with a repurchase total of only 1 million. To forecast the future amount spent on repurchases, we first took \$2.1 billion from the sale of the yogurt business and subtracted \$1.45 billion from the pet acquisition to get a total of \$65 million. We are assuming this amount will be used for share repurchases in 2025. Then we took a 4-year average of the amount spent on repurchases because General Mills has increased and focused on share repurchases in the past 4 years. We added \$65 million to the

average 4-year for estimating 2025. After 2025, we returned to the average share repurchase assumption.

SWOT

Strengths

General Mills' two major strengths are its strong brand name, diverse portfolio, and the necessity of the consumer staples industry. General Mills has been around for over 150 years and owns over 100 brands. Many of their brands are sold by big box retailers around the world. They have developed a loyal and reliable customer base. General Mills continues to prioritize service and quality, which has led to it becoming an industry leader. Furthermore, General Mills has 8 (excluding yogurt) revenue sectors. This diverse portfolio helps bring a balance of revenue. For example, when trends indicate a health push, ice cream, and sugar cereals will see a decline in popularity, but their vegetable sales will increase. The diversity in subsidiaries provides a cushion for trends or economic fluctuations. The consumer staples industry, while slow in innovation, will always be a sector people cannot forgo even in economic downturns. There will always be a need for food manufacturers and processing, giving General Mills an advantage.

Weaknesses

General Mills' biggest weakness is the lack of space for innovation, leading to low revenue growth. The food processing industry is a mature low innovation sector. Due to the inability to innovate, most growth in the consumer industry sector is through inorganic mergers and acquisitions. The primary way for General Mills to grow is to conduct more mergers and acquisitions. Our current revenue projection for 2025 is only a .5% growth from 2024. General Mills will begin to have problems with capital expenditure and costs if they cannot figure out a way to increase sales.

Opportunities

General Mills has opportunities to expand their health portfolio and develop international sales. People are focusing more on their health and the processed food they eat. General Mills currently has certain brands such as Ratio, Good Measure, Fiber One, and a few

other subsidiaries that prioritize providing healthier options. There is a large gap General Mills can fill with mergers and acquisitions. While General Mills has not stated any future merger initiatives into healthier brands, they have stated there will be a focus on taste and health with strong brand campaigns (2025 press earnings). Additionally, General Mills could reach a more international market. As stated earlier, General Mills has approximately 19% of total sales from international markets, one of the lowest percentages compared to competitors. A greater push into international markets with popular brands such as Nature Valley, Pillsbury, and Cheerios could help generate higher revenue sales.

Threats

Due to the highly competitive nature of the food producer industry, General Mills competes against multiple large brands and an expanding number of private labels. There is a fight for limited shelf space in retailers. Recently, many stores such as Walmart, Costco, and Target have increased the development of their private labels. These stores sell similar products but typically for a lower price point. With inflation as high as 9% in the past two years, there has been a greater demand for cheaper products. Many consumers are drawn to the private labels' low-price points. If inflation rates increase again, it could turn consumers away from General Mills' high-priced and quality products. Additionally, General Mills faces the same threats as many other companies, such as supply chain disruptions, rising labor and product costs, and government regulations.

Valuation Analysis

To value General Mills, we analyzed past, present, and projected data, looking closely into financial metrics and trends. We developed a discounted cash flow analysis, economic profit model, dividend discount model, and relative valuation. We analyzed data from 2015 – 2024 and provided formulas to assist with our assumptions.

Assumptions

The first main assumption we used is the risk-free rate being equal to the 10-year US Treasury yield, which is 4.41% as of 11/18/2024. Our beta is the food

processing industry average from Damodaran's Betas by Sector [4]. We used an equity risk premium of 5.26% because it is the geometric average of 10-year Treasury rates from 1928 to 2020. Using these assumptions, we found the cost of equity for General Mills is 7.62%. To find General Mills' cost of debt, we found a yield of 5.35% from a 30-year bond General Mills issued, the risk-free rate, and our marginal tax assumption of 22%. This led us to a 4.17% after-tax cost of debt. Finally, we used these variables to find our weighted average cost of capital (WACC) to be 6.68%.

Discounted Cash Flow (DCF) and Economic Profit (EP) Models

Estimated Share Price: **\$71.64**

Our discounted cash flow and economic profit models forecast period was between 2025 to 2031, with continuous growth (CV) assumptions. We decided on this seven-year period to showcase the overall slow stable growth General Mills will have. We projected free cash flow and economic profit based on various balance sheet, income statement, and economic trends assumptions. To calculate the final intrinsic value, we used a CV growth of NOPLAT of 2.10%, our CV Year ROIC 25.14%, our WACC of 6.73%, and the Cost of Equity of 7.6%. Our CV growth of NOPLAT assumption is based on the forecasted inflation between 2%-3%, General Mills' struggle to innovate, and a slower population growth trend than analysts once predicted [2]. After discounting cash flows, economic profit values, and the continuing value, we added and subtracted non-operating items. Ultimately, our discounted cash flow and economic profit models are the most accurate representations of a forecasted stock price.

Dividend Discount Model (DDM)

Estimated Share Price: **\$71.53**

Our dividend discount model forecast period was between 2025 to 2031. As previously stated, General Mills has a long history of paying dividends with unpredictable raises creating difficulty in forecasting future dividend amounts. Our dividend discount model contained key assumptions of CV growth of EPS, CV year ROE, and the cost of equity. From these key assumptions we projected a P/E multiple

from the CV year. We then multiplied the P/E multiple by our forecasted EPS in the CV year to get the future stock price. Furthermore, we discounted our forecasted dividends per share and future stock price. Finally, we added each discounted value up and calculated the implicit share price. Our dividend discount model is in line with our target price range and current trading share price.

Relative Valuation

Estimates Share Price: **\$78.74**

Our relative valuation forecast period was for 2025. We compared General Mills with seven companies within the food processing industry. We utilized Kellanova (K), Tyson Food Inc (TSN), Mondelez International (MDLZ), Kraft Heinz (KHC), Campbell Soup Co. (CPB), McCormick & Company (MKC), and Conagra Brands, Inc (CAG). We found the forecasted estimates for each company's EPS and current stock price to find the P/E ratio for 2025. We found the average P/E ratio for six brands, excluding Kellanova, because they have a significantly higher forecast P/E ratio. Due to General Mills reporting at the end of May, we calculated their EPS by taking the 2024 EPS and multiplying it by 7/12 then adding this to 2025 EPS times 5/12. This weighted average takes into consideration the time that General Mills overlaps with competitors. After calculating General Mills EPS estimate, we multiplied this by the average P/E ratio from competitors.

Sensitivity Tables

Sensitivity Analysis

We have conducted six sensitivity tests to evaluate the impact of various variables on our implicit stock price. Each table examines two variables that directly influence the stock price calculation. The objective of these sensitivity tables is to illustrate how fluctuations in these variables affect General Mills' stock price. Green-highlighted ranges signify a high, favorable stock price, while red-highlighted ranges signify a low, unfavorable stock price.

Beta and Risk-Free Rate

The table below showcases the potential fluctuations of beta and the risk-free rate and their effect on the stock price. Both variables are important and lead to the weighted average cost of capital (WACC) calculation. Our assumption for General Mills beta is the food processing industry average from Damodaran's Betas by Sector [4]. Our risk-free rate is calculated from the yield of a 10-year treasury bond. As beta and the risk-free rate increase, the stock price decreases. Ultimately, changing beta has a greater impact on the stock price than the risk-free rate.

The stock price range these variables resulted in is **\$63.12 – \$82.38**

		Beta							
		71.64	0.52	0.55	0.58	0.61	0.64	0.67	0.70
Risk Free Rate	4.25%	82.38	79.49	76.75	74.15	71.68	69.34	67.10	65.12
	4.30%	81.44	78.60	75.91	73.35	70.93	68.61	66.41	64.41
	4.35%	80.52	77.73	75.08	72.57	70.18	67.90	65.73	63.73
	4.41%	79.44	76.71	74.11	71.64	69.30	67.06	64.93	62.93
	4.45%	78.73	76.04	73.47	71.04	68.72	66.51	64.40	62.40
	4.50%	77.86	75.21	72.69	70.29	68.01	65.83	63.76	61.76
	4.55%	77.00	74.39	71.91	69.55	67.31	65.16	63.12	61.12

WACC and CV Growth of NOPLAT

The table below showcases the potential fluctuations of the weighted cost of capital (WACC) and the continuing value growth of NOPLAT and their effect on the stock price. Both variables are used in the discounted cash flow and economic profit models, which leads to the implicit stock price. Our CV growth of NOPLAT assumption is based on General Mills' continuation of being a mature low-growth company. As the WACC increases, the stock price declines due to WACC being a discount factor for stock prices. On the other hand, as the CV growth of NOPLAT increases, the stock price increases. Ultimately, changing the WACC has a larger impact on the stock price.

The stock price range these variables resulted in is **\$61.70 – \$82.17**

		WACC							
		71.64	6.40%	6.50%	6.60%	6.68%	6.80%	6.90%	7.00%
CV growth of NOPLAT	1.75%	73.09	70.99	68.98	67.37	65.19	63.41	61.70	60.17
	1.85%	74.44	72.27	70.19	68.53	66.28	64.45	62.68	61.04
	1.95%	75.85	73.60	71.45	69.74	67.42	65.53	63.71	61.98
	2.10%	78.08	75.71	73.45	71.64	69.21	67.23	65.32	63.49
	2.15%	78.86	76.45	74.15	72.31	69.84	67.82	65.88	63.94
	2.25%	80.47	77.97	75.59	73.68	71.13	69.04	67.04	65.04
	2.35%	82.17	79.57	77.09	75.12	72.47	70.31	68.25	66.19

Marginal Tax Rate and Pre-Tax Cost of Debt

The table below showcases the potential fluctuations of the marginal tax rate and the pre-tax cost of debt with its effects on the stock price. Both variables are used to calculate WACC, which leads to our implicit stock price. Our marginal tax rate assumption is based on General Mills' past five-year average marginal tax rate. As the marginal tax rate and pre-tax cost of debt increase, the stock price declines. Ultimately, the marginal tax rate and the pre-tax cost of debt have a large impact on the stock price. Due to a recent election, the marginal tax rate has a greater potential to see variation.

The stock price range these variables resulted in is **\$64.05 – \$80.41**

		Marginal Tax Rate							
		71.64	15.0%	17.0%	19.0%	22.0%	24.0%	26.0%	28.0%
Pre-Tax Cost of Debt	5.05%	80.41	78.32	76.20	72.98	70.80	68.59	66.36	64.13
	5.15%	79.89	77.82	75.72	72.53	70.37	68.18	65.97	63.76
	5.25%	79.38	77.33	75.25	72.09	69.94	67.77	65.58	63.39
	5.35%	78.87	76.84	74.78	71.64	69.52	67.37	65.19	63.01
	5.45%	78.37	76.36	74.32	71.21	69.10	66.97	64.81	62.64
	5.55%	77.87	75.88	73.86	70.77	68.69	66.57	64.43	62.28
	5.65%	77.38	75.40	73.40	70.35	68.28	66.18	64.05	61.91

Inventory (% of Sales) and Cost of Sales (% of sales)

The table below showcases the potential fluctuation of inventory (as a percentage of sales) and the cost of sales (as a percentage of sales) and their effects on the stock price. Both variables are in NOPLAT, invested capital calculations, and large business drivers. Our forecast of inventory as a percentage of sales is based on a 10-year percentage average, and the cost of sales as a percentage of sales is based on an approximate average and cost savings projection from selling the yogurt subsidiary. As inventory and cost of sales increase, the stock price declines. Ultimately, the cost of sales has a greater influence on the stock price, and

with rising input costs General Mills will most likely see a rise in cost of sales from 2024.

The stock price range these variables resulted in is **\$62.12 – \$81.18**

		Inventory (% of sales) previous 10 year average							
		71.64	8.88%	9.08%	9.28%	9.48%	9.68%	9.88%	10.08%
Cost of Sales (% of sales)	61.50%	81.18	81.08	80.98	80.89	80.79	80.69	80.59	
	62.00%	78.10	78.00	77.91	77.81	77.71	77.61	77.51	
	62.50%	75.02	74.92	74.83	74.73	74.63	74.53	74.43	
	63.00%	71.94	71.85	71.75	71.65	71.55	71.45	71.35	
	63.50%	68.87	68.77	68.67	68.57	68.47	68.37	68.27	
	64.00%	65.79	65.69	65.59	65.49	65.39	65.29	65.20	
	64.50%	62.71	62.61	62.51	62.41	62.31	62.22	62.12	

SG&A (% of sales) and Equity Risk Premium

The table below showcases the potential fluctuations of selling, general, and admin expenses (as a percentage of sales) and the equity risk premium with its effects on the stock price. These variables connect to the final implicit stock price and can be affected by the market outlook or economic policy changes. We forecast selling, general, and admin expenditures as a past 5-year average. As SG&A and equity risk premium increase, the stock price declines. Ultimately, the variables have a similar impact on the stock price.

The stock price range these variables resulted in is **\$65.08 – \$78.01**

		SG&A (% of sales) previous 5 year average							
		71.64	16.60%	16.75%	16.90%	17.05%	17.20%	17.35%	17.50%
Equity Risk Premium	4.90%	78.01	77.05	76.10	75.14	74.18	73.22	72.26	
	5.05%	76.50	75.55	74.61	73.66	72.72	71.78	70.83	
	5.20%	75.02	74.09	73.16	72.23	71.30	70.37	69.44	
	5.26%	74.45	73.52	72.60	71.67	70.74	69.82	68.89	
	5.40%	73.12	72.21	71.30	70.39	69.47	68.56	67.65	
	5.55%	71.75	70.85	69.95	69.05	68.15	67.25	66.34	
	5.70%	70.41	69.52	68.63	67.74	66.86	65.97	65.08	

Depreciation Rate and Normal Cash Estimate

The table below showcases the potential fluctuation of the depreciation rate and our normal cash estimate with its effects on the stock price. Both variables are used to calculate NOPLAT and invested capital. Our normal cash calculation is based on 2015 cash and cash equivalents divided by 2015 sales because this was the lowest percentage over the past 10 years. We forecasted the depreciation rate by taking the average

over 10 years of depreciation expense divided by beginning net property, plant, and equipment. As normal cash and the depreciation rate increase, the stock price declines. Ultimately, the change in depreciation rate has a larger impact on the stock price.

The stock price range these variables resulted in is **\$70.14 – \$73.15**

		Depreciation Rate							
		71.64	11.62%	11.92%	12.22%	12.52%	12.82%	13.12%	13.42%
Normal Cash Estimate	1.30%	73.15	72.75	72.35	71.96	71.56	71.16	70.76	
	1.50%	73.05	72.65	72.25	71.85	71.45	71.05	70.65	
	1.70%	72.95	72.55	72.15	71.75	71.35	70.95	70.55	
	1.90%	72.84	72.45	72.05	71.65	71.25	70.85	70.45	
	2.10%	72.74	72.34	71.94	71.54	71.14	70.74	70.35	
	2.30%	72.64	72.24	71.84	71.44	71.04	70.64	70.24	
	2.50%	72.54	72.14	71.74	71.34	70.94	70.54	70.14	

Conclusion

In summary, we have decided to recommend a strong **HOLD** position for General Mills. The company has a great brand reputation and stands out among its peers with the best profit margin and return on equity. However, it is part of an industry that is slow growing. There are changes that General Mills could make to appeal to health-conscious consumers and grow internationally. Based on extensive analysis and modeling, our target price is between \$63 and \$73.

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General Mills
Revenue Decomposition

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Snacks	3,392.0	3,297.2	3,302.2	3,419.0	3,487.4	3,529.7	3,574.2	3,960.9	4,431.5	4,327.3	4,597.3	4,879.1	5,176.8	5,486.9	5,772.2	6,068.9	6,373.5
Cereal	2,771.3	2,731.5	2,673.2	2,679.2	2,672.8	2,874.1	2,868.9	2,998.1	3,209.5	3,187.5	3,235.31	3,286.43	3,340.66	3,398.45	3,458.60	3,521.20	3,585.99
Convenient Meals	2,810.3	2,779.0	2,653.6	2,677.4	2,538.6	2,814.3	3,030.2	2,988.5	2,961.6	2,906.5	2,966.96	3,031.63	3,105.61	3,183.25	3,250.41	3,314.77	3,379.08
Dough	1,877.0	1,820.0	1,690.6	1,684.1	1,661.9	1,801.1	1,866.1	1,986.3	2,390.5	2,423.6	2,447.84	2,469.87	2,493.33	2,518.26	2,540.17	2,562.78	2,586.10
Pet	-	-	-	-	812.7	1,694.6	1,732.4	2,260.1	2,476.0	2,382.7	2,458.95	2,545.01	2,639.17	2,742.10	2,851.79	2,968.71	3,091.91
Baking Mixes and Ingredients	1,867.7	1,704.3	1,654.1	1,653.4	1,663.7	1,674.2	1,695.5	1,843.6	2,037.3	1,996.0	2,052.09	2,111.39	2,173.26	2,238.89	2,308.07	2,379.85	2,456.25
Yogurt	2,938.3	2,760.9	2,403.5	2,320.1	2,113.1	2,056.6	2,074.8	1,714.9	1,472.9	1,482.5	1,037.75	726.43	435.86				
Ice Cream	769.5	731.2	738.4	803.7	812.7	718.1	819.7	782.2	703.7	728.7	712.60	696.92	681.80	667.27	653.26	639.67	626.56
Vegetables & other	1,204.2	739.0	504.2	503.5	481.1	463.9	465.2	458.2	411.2	422.4	432.83	445.73	460.04	473.93	488.10	502.45	513.56
Total Sales	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	20,094.2	19,857.2	19,941.64	20,192.55	20,506.48	20,709.01	21,322.58	21,958.30	22,612.96

Growth rates by product

Snacks	-2.79%	0.15%	3.54%	2.00%	1.21%	1.26%	10.82%	11.88%	-2.35%	6.24%	6.13%	6.10%	5.99%	5.20%	5.14%	5.02%
Cereal	-1.44%	-2.13%	0.22%	-0.24%	7.53%	-0.18%	4.50%	7.05%	-0.69%	1.50%	1.58%	1.65%	1.73%	1.77%	1.81%	1.84%
Convenient Meals	-1.11%	-4.51%	0.90%	-5.18%	10.86%	7.67%	-1.38%	-0.90%	-1.86%	2.08%	2.18%	2.44%	2.50%	2.11%	1.98%	1.94%
Dough	-3.04%	-7.11%	-0.38%	-1.32%	8.38%	3.61%	6.44%	20.35%	1.38%	1.00%	0.90%	0.95%	1.00%	0.87%	0.89%	0.91%
Pet					108.51%	2.23%	30.46%	9.55%	-3.77%	3.20%	3.50%	3.70%	3.90%	4.00%	4.10%	4.15%
Baking Mixes and Ingredients	-8.75%	-2.95%	-0.04%	0.62%	0.63%	1.27%	8.73%	10.51%	-2.03%	2.81%	2.89%	2.93%	3.02%	3.09%	3.11%	3.21%
Yogurt	-6.04%	-12.95%	-3.47%	-8.92%	-2.67%	0.88%	-17.35%	-14.11%	0.65%	-30.00%	-30.00%	-40.00%				
Ice Cream	-4.98%	0.98%	8.84%	1.12%	-11.64%	14.15%	-4.57%	-10.04%	3.55%	-2.21%	-2.20%	-2.17%	-2.13%	-2.10%	-2.08%	-2.05%
Vegetables and other	-38.63%	-31.77%	-0.14%	-4.45%	-3.58%	0.28%	-1.50%	-10.26%	2.72%	2.47%	2.98%	3.21%	3.02%	2.99%	2.94%	2.21%
Total Sales	-6.05%	-5.70%	0.77%	7.15%	4.51%	2.84%	4.78%	5.80%	-1.18%	0.43%	1.26%	1.55%	0.99%	2.96%	2.98%	2.98%

General Mills

Income Statement

(in millions)

<i>Fiscal Years Ending May 31</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	20,094.2	19,857.2	19,941.6	20,192.5	20,506.5	20,709.0	21,322.6	21,958.3	22,613.0
Cost of sales	11,197.9	10,254.1	9,574.9	9,811.7	10,572.9	10,979.9	11,156.3	12,096.1	13,058.7	12,409.1	12,563.4	12,721.5	12,919.2	13,046.8	13,433.4	13,833.9	14,246.3
Depreciation	483.2	479.5	481.1	501.2	535.5	516.8	522.4	494.5	489.7	516.0	483.8	505.8	527.9	550.1	572.7	595.6	618.8
Amortization	105.1	128.6	122.5	117.6	84.6	77.9	78.9	75.8	56.9	36.7	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Selling, general & administrative expenses	3,328.0	3,118.9	2,801.3	2,752.6	2,935.8	3,151.6	3,079.6	3,147.0	3,500.4	3,259.0	3,400.9	3,443.7	3,497.2	3,531.7	3,636.4	3,744.8	3,856.4
Divestitures gain (loss), net	-	148.2	(13.5)	-	(30.0)	-	(53.5)	194.1	444.6	-	1,000.0	-	-	-	-	-	-
Restructuring, impairment, & other exit costs (recoveries)	543.9	151.4	182.6	165.6	275.1	24.4	170.4	(26.5)	56.2	241.4	(20.0)	40.0	50.0	120.0	120.0	170.0	200.0
Operating profit	2,077.3	2,707.4	2,566.4	2,509.3	2,515.9	2,953.9	3,144.8	3,475.8	3,433.8	3,431.7	4,493.6	3,461.6	3,492.2	3,440.3	3,540.1	3,594.1	3,671.3
Benefit plan non-service income	-	-	-	-	87.9	112.8	132.9	113.4	88.8	(75.8)	76.7	74.8	68.5	57.7	48.4	41.7	61.3
Interest, net	(315.4)	(303.8)	(295.1)	(373.7)	(521.8)	(466.5)	(420.3)	(379.6)	(382.1)	(479.2)	(672.8)	(671.0)	(677.7)	(707.2)	(731.6)	(740.7)	(767.2)
Total earnings (loss) before income taxes & after-tax earnings from joint ventures	1,761.9	2,403.6	2,271.3	2,135.6	2,082.0	2,600.2	2,857.4	3,209.6	3,140.5	3,028.3	3,897.5	2,865.4	2,882.9	2,790.8	2,857.0	2,895.1	2,965.4
Income taxes	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	612.2	594.5	857.4	630.4	634.2	614.0	628.5	636.9	652.4
After-tax earnings (losses) from joint ventures	84.3	88.4	85.0	84.7	72.0	91.1	117.7	111.7	81.3	84.8	97.3	98.6	94.7	91.3	93.4	95.1	94.6
Net earnings (loss), including earnings attributable to redeemable & noncontrolling interests	1,259.4	1,736.8	1,701.1	2,163.0	1,786.2	2,210.8	2,346.0	2,735.0	2,609.6	2,518.6	3,137.4	2,333.6	2,343.4	2,268.2	2,321.8	2,353.2	2,407.6
Net earnings (loss) attributable to redeemable & noncontrolling interests	(38.1)	(39.4)	(43.6)	(32.0)	(33.5)	(29.6)	(6.2)	(27.7)	(15.7)	(22.0)	(20.2)	(18.4)	(20.8)	(19.4)	(20.2)	(19.8)	(19.7)
Net earnings attributable to General Mills	1,221.3	1,697.4	1,657.5	2,131.0	1,752.7	2,181.2	2,339.8	2,707.3	2,593.9	2,496.6	3,117.1	2,315.2	2,322.6	2,248.8	2,301.6	2,333.4	2,387.9
Year end shares outstanding	598.7	596.8	576.9	593.1	601.9	609.8	607.7	598.9	586.6	559.1	542.3	527.2	512.8	499.1	486.1	472.7	458.7
Weighted average shares outstanding	676.7	597.8	586.9	585.0	597.5	605.9	608.8	603.3	592.8	572.9	550.7	534.7	520.0	506.0	492.6	479.4	465.7
Net earnings (loss) per share - basic	2.02	2.83	2.82	3.69	2.92	3.59	3.81	4.46	4.36	4.34	5.66	4.33	4.47	4.44	4.67	4.87	5.13
Dividends per share	1.67	1.78	1.92	1.96	1.96	1.96	2.02	2.04	2.16	2.36	2.40	2.50	2.60	2.70	2.81	2.92	3.04

General Mills
Balance Sheet

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Cash & cash equivalents	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	585.5	418.0	752.6	(756.6)	(28.9)	(214.3)	(1,603.5)	(1,456.4)	(2,605.1)
Receivables	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,683.2	1,696.2	1,793.3	1,815.8	1,844.1	1,862.3	1,917.5	1,974.6	2,033.5
Inventories	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	2,172.0	1,898.2	1,890.2	1,914.0	1,943.7	1,962.9	2,021.1	2,081.4	2,143.4
Prepaid expenses	169.3	177.9	168.9	165.6	189.0	194.5	221.7	213.5	244.4	266.1	225.2	228.1	231.6	233.9	240.8	248.0	255.4
Marketable Investments & Derivative Receivable	80.9	44.6	35.0	40.5	42.2	70.6	397.5	335.9	162.3	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8
Other current assets	173.6	176.5	177.7	192.2	266.3	137.0	171.1	252.7	329.0	281.6	241.2	244.2	248.0	250.5	257.9	265.6	273.5
Assets held for sale	-	-	-	-	-	-	-	158.9	-	-	-	-	-	-	-	-	-
Total current assets	3,685.6	3,937.2	4,061.4	4,123.7	4,186.5	5,121.3	5,754.5	5,089.8	5,176.4	4,580.9	4,923.3	3,466.3	4,259.4	4,116.1	2,854.6	3,134.0	2,121.5
Land, buildings, & equipment	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,636.2	3,863.9	4,039.6	4,215.9	4,393.7	4,573.6	4,756.3	4,942.4	5,132.3
Goodwill	8,874.9	8,741.2	8,747.2	14,065.0	13,995.8	13,923.2	14,062.4	14,378.5	14,511.2	14,750.7	14,750.7	14,750.7	14,750.7	14,750.7	14,750.7	14,750.7	14,750.7
Other intangible assets	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	6,967.6	6,979.9	6,959.9	6,939.9	6,919.9	6,899.9	6,879.9	6,859.9	6,839.9
Right of Use Operating Lease Assets	-	-	-	-	-	365.2	378.6	336.8	340.0	366.1	382.7	399.5	416.3	433.3	450.7	468.3	486.3
Other assets	843.6	751.7	785.9	943.0	974.9	720.6	889.0	891.3	820.3	760.9	793.8	828.2	864.1	901.5	940.5	981.3	1,023.7
Deferred Tax - Asset	100.1	-	-	-	-	-	-	-	-	167.5	-	-	-	-	-	-	-
Total assets	21,964.5	21,712.3	21,812.6	30,624.0	30,111.2	30,806.7	31,841.9	31,090.1	31,451.7	31,469.9	31,850.0	30,600.5	31,604.1	31,675.2	30,632.7	31,136.5	30,354.4
Accounts Payable	1,684.0	2,046.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	4,194.2	3,987.8	3,397.1	3,439.8	3,493.3	3,527.8	3,632.3	3,740.6	3,852.1
Dividends Payable	27.9	23.8	21.5	17.5	19.2	20.7	25.3	24.1	23.1	20.9	24.3	24.6	23.7	22.8	23.3	23.8	23.7
Accrued Expenses	947.2	1,060.6	867.2	941.4	867.4	1,061.1	1,052.7	941.4	961.8	889.1	1,147.7	1,162.1	1,180.2	1,191.9	1,227.2	1,263.8	1,301.4
Current portion of long-term debt	1,000.4	1,103.4	604.7	1,600.1	1,396.5	2,331.5	2,463.8	1,674.2	1,709.1	1,614.1	1,842.4	650.8	1,687.9	1,900.0	813.4	1,292.4	500.0
Notes payable	615.8	269.8	1,234.1	1,549.8	1,468.7	279.0	361.3	811.4	31.7	11.8	296.4	300.1	304.7	307.7	316.8	326.2	335.9
Grain Contracts & Miscellaneous	279.3	308.0	296.6	304.1	338.9	299.7	331.2	351.8	349.1	283.7	237.1	235.0	229.7	223.2	219.6	212.1	206.4
Other current liabilities	335.5	202.6	186.9	182.8	142.3	251.8	378.0	234.7	266.7	225.7	235.5	245.7	256.3	267.4	279.0	291.1	303.7
Total current liabilities	4,890.1	5,014.7	5,330.8	7,341.9	7,087.1	7,491.5	8,265.8	8,019.9	7,535.7	7,033.1	7,180.4	6,058.2	7,175.8	7,440.8	6,511.6	7,149.9	6,523.2
Long-term debt	7,607.7	7,057.7	7,642.9	12,668.7	11,624.8	10,929.0	9,786.9	9,134.8	9,965.1	11,304.2	11,029.7	11,121.8	11,219.6	11,310.6	11,433.6	11,560.1	11,690.2
Deferred income taxes	1,550.3	1,399.6	1,719.4	2,003.8	2,031.0	1,947.1	2,118.4	2,218.3	2,110.9	2,200.6	2,200.6	2,200.6	2,200.6	2,200.6	2,200.6	2,200.6	2,200.6
Other liabilities	1,744.8	2,087.6	1,523.1	1,341.0	1,448.9	1,545.0	1,292.7	929.1	1,140.0	1,283.5	1,123.1	982.7	859.8	752.4	658.3	576.0	504.0
Total liabilities	15,792.9	15,559.6	16,216.2	23,355.4	22,191.8	21,912.6	21,463.8	20,302.1	20,751.7	21,821.4	21,533.8	20,363.3	21,455.9	21,704.4	20,804.2	21,486.7	20,918.0
Redeemable interest	778.9	845.6	910.9	776.2	551.7	544.6	604.9	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital/ common stock	1,372.2	1,252.5	1,196.4	1,278.0	1,462.2	1,424.1	1,441.0	1,258.4	1,297.9	1,302.5	1,426.2	1,550.0	1,673.7	1,797.5	1,921.2	1,994.2	1,994.2
Retained Earnings	11,990.8	12,616.5	13,138.9	14,459.6	14,996.7	15,982.1	17,069.8	18,532.6	19,838.6	20,971.8	22,747.1	23,708.8	24,662.8	25,527.1	26,427.4	27,341.5	28,293.8
Common stock in treasury, at cost (share repurchase - contra asset)	6,055.6	6,326.6	7,762.9	7,167.5	6,779.0	6,433.3	6,611.2	7,278.1	8,410.0	10,357.9	11,569.0	12,715.0	13,861.1	15,007.1	16,153.2	17,299.2	18,445.3
Accumulated other comprehensive income (loss)	(2,310.7)	(2,612.2)	(2,244.5)	(2,429.0)	(2,625.4)	(2,914.4)	(2,429.2)	(1,970.5)	(2,276.9)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)
Total stockholders' equity	4,996.7	4,930.2	4,327.9	6,141.1	7,054.5	8,058.5	9,470.4	10,542.4	10,449.6	9,396.7	10,084.67	10,024.05	9,955.80	9,797.78	9,675.74	9,516.83	9,323.11
Noncontrolling interests	396.0	376.9	357.6	351.3	313.2	291.0	302.8	245.6	250.4	251.8	231.6	213.2	192.4	173.0	152.8	133.0	113.3
Total equity	5,392.7	5,307.1	4,685.5	6,492.4	7,367.7	8,349.5	9,773.2	10,788.0	10,700.0	9,648.5	10,316.2	10,237.2	10,148.2	9,970.8	9,828.5	9,649.8	9,436.4

General Mills

Historical Cash Flow Statement

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net earnings (losses), including earnings attributable to redeemable & noncontrolling interest:	1,259.4	1,736.8	1,701.1	2,163.0	1,786.2	2,210.8	2,346.0	2,735.0	2,609.6	2,518.6
Depreciation & amortization	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	546.6	552.7
After-tax losses (earnings) from joint ventures	(84.3)	(88.4)	(85.0)	(84.7)	(72.0)	(91.1)	(117.7)	(111.7)	(81.3)	(84.8)
Distributions of losses (earnings) from joint ventures	72.6	75.1	75.6	113.2	86.7	76.5	95.2	107.5	69.9	50.4
Stock-based compensation	106.4	89.8	95.7	77.0	84.9	94.9	89.9	98.7	111.7	95.3
Deferred income taxes (change in net deferred tax liability)	25.3	120.6	183.9	(504.3)	93.5	(29.6)	118.8	62.2	(22.2)	(48.5)
Tax benefit on exercised options	(74.6)	(94.1)	(64.1)	-	-	-	-	-	-	-
Pension & other postretirement benefit plan contributions	(49.5)	(47.8)	(45.4)	(31.8)	(28.8)	(31.1)	(33.4)	(31.3)	(30.1)	(30.1)
Pension & other postretirement benefit plan cost (income)	91.3	118.1	35.7	4.6	6.1	(32.3)	(33.6)	(30.1)	(27.6)	(27.0)
Divestitures loss (gain)	-	(148.2)	13.5	-	30.0	-	53.5	(194.1)	(444.6)	-
Restructuring, impairment, & other exit costs (recoveries)	531.1	107.2	117.0	126.0	235.7	43.6	150.9	(117.1)	24.4	223.5
Changes in current assets & liabilities, excluding effects of acquisitions & divestitures	214.7	258.2	(232.0)	542.1	(7.5)	793.9	(155.9)	277.4	(48.9)	10.6
Other, Net	(137.9)	(105.6)	(86.3)	(182.9)	(27.9)	45.9	(131.8)	(50.7)	71.1	41.9
Net cash flows from operating activities	2,542.8	2,629.8	2,313.3	2,841.0	2,807.0	3,676.2	2,983.2	3,316.1	2,778.6	3,302.6
Purchases of land, buildings & equipment	(712.4)	(729.3)	(684.4)	(622.7)	(537.6)	(460.8)	(530.8)	(568.7)	(689.5)	(774.1)
Acquisitions, net of cash acquired & investment in businesses	(822.3)	(84.0)	-	(8,035.8)	-	-	-	(1,201.3)	(251.5)	(451.9)
Disposition of (investments in) affiliates, net	(102.4)	63.9	3.3	(17.3)	0.1	(48.0)	15.5	15.4	(32.2)	(2.7)
Proceeds from disposal of land, buildings & equipment	11.0	4.4	4.2	1.4	14.3	1.7	2.7	3.3	1.3	0.8
Proceeds from divestitures, net of cash divested	-	828.5	17.5	-	26.4	-	2.9	74.1	633.1	-
Exchangeable note	27.9	21.1	13.0	-	-	-	-	-	-	-
Other investing activities, net	(4.0)	(11.2)	(0.5)	(11.0)	(59.7)	20.9	(3.1)	(13.5)	(7.6)	30.5
Net cash flows from investing activities	(1,602.2)	93.4	(646.9)	(8,685.4)	(556.5)	(486.2)	(512.8)	(1,690.7)	(346.4)	(1,197.4)
Change in notes payable	(509.8)	(323.8)	962.4	327.5	(66.3)	(1,158.6)	71.7	551.4	(769.3)	(20.5)
Issuance of long-term debt	2,253.2	542.5	1,072.1	6,550.0	339.1	1,638.1	1,576.5	2,203.7	2,324.4	2,065.2
Payment of long-term debt	(1,145.8)	(1,000.4)	(1,000.0)	(600.1)	(1,493.8)	(1,396.7)	(2,609.0)	(3,140.9)	(1,421.7)	(901.5)
Debt exchange participation incentive cash payment	-	-	-	-	-	-	(201.4)	-	-	-
Proceeds from common stock issued on exercised options	163.7	171.9	112.6	99.3	241.4	263.4	74.3	161.7	232.3	25.5
Proceeds from common stock issued	-	-	-	969.9	-	-	-	-	-	-
Tax benefit on exercised options	74.6	94.1	64.1	-	-	-	-	-	-	-
Purchases of common stock for treasury	(1,161.9)	(606.7)	(1,651.5)	(601.6)	(1.1)	(3.4)	(301.4)	(876.8)	(1,403.6)	(2,002.4)
Dividends paid	(1,017.7)	(1,071.7)	(1,135.1)	(1,139.7)	(1,181.7)	(1,195.8)	(1,246.4)	(1,244.5)	(1,287.9)	(1,363.4)
Investment in redeemable interest	-	-	-	-	55.7	-	-	-	-	-
Distributions to noncontrolling & redeemable interest holders	(25.0)	(84.3)	(61.0)	(51.8)	(38.5)	(72.5)	(48.9)	(129.8)	(15.7)	(21.3)
Other financing activities, net	(16.1)	(7.2)	(9.1)	(108.0)	(31.2)	(16.0)	(30.9)	(28.0)	(62.6)	(53.9)
Net cash flows from financing activities	(1,384.8)	(2,285.6)	(1,645.5)	5,445.5	(2,176.4)	(1,941.5)	(2,715.5)	(2,503.2)	(2,404.1)	(2,272.3)
Effect of exchange rate changes on cash & cash equivalents	(88.9)	(8.1)	(18.5)	31.8	(23.1)	(20.7)	72.5	(58.0)	(12.0)	(0.4)
Increase (decrease) in cash & cash equivalents	(533.1)	429.5	2.4	(367.1)	51.0	1,227.8	(172.6)	(935.8)	16.1	(167.5)
Cash & cash equivalents - beginning of year	867.3	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	585.5
Cash & cash equivalents - end of year	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	585.5	418.0

General Mills

Forecasted Cash Flow Statement

Fiscal Years Ending May 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net Income	3,117.1	2,315.2	2,322.6	2,248.8	2,301.6	2,333.4	2,387.9
Depreciation and Amortization	503.8	525.8	547.9	570.1	592.7	615.6	638.8
Change in Assets							
Change in Receivables	(97.1)	(22.6)	(28.2)	(18.2)	(55.2)	(57.2)	(58.9)
Change in Inventories	8.0	(23.8)	(29.8)	(19.2)	(58.2)	(60.3)	(62.1)
Change in Prepaid Expenses	40.9	(2.8)	(3.5)	(2.3)	(6.9)	(7.2)	(7.4)
Change in Other Current Assets	40.4	(3.0)	(3.8)	(2.4)	(7.4)	(7.7)	(7.9)
Change in Deferred Tax Asset	167.5	-	-	-	-	-	-
Change in Liabilities							
Change in Accounts Payable	(590.7)	42.7	53.5	34.5	104.5	108.3	111.5
Change in Dividends Payable	3.4	0.3	(1.0)	(0.8)	0.5	0.4	(0.1)
Change in Accrued Expenses	258.6	14.4	18.1	11.7	35.3	36.6	37.7
Change in Grains & Misc	(46.6)	(2.0)	(5.3)	(6.5)	(3.6)	(7.5)	(5.7)
Change in Current Liabilities	9.8	10.2	10.6	11.1	11.6	12.1	12.6
Change in Deferred Income Taxes	-	-	-	-	-	-	-
Net cash provided by Operating Activities	3,415.1	2,854.4	2,881.0	2,826.7	2,915.0	2,966.6	3,046.5
Change in Marketable Investments	-	-	-	-	-	-	-
Change in Goodwill	-	-	-	-	-	-	-
Change in Intangible Assets	-	-	-	-	-	-	-
Change in Lease Assets	(16.6)	(16.7)	(16.8)	(17.0)	(17.3)	(17.6)	(18.0)
Change in Other Assets	(32.9)	(34.4)	(35.9)	(37.4)	(39.0)	(40.7)	(42.5)
Change in Land, buildings, & equipment	(659.5)	(682.2)	(705.7)	(730.1)	(755.4)	(781.6)	(808.7)
Net cash provided by Investing Activities	(709.1)	(733.2)	(758.4)	(784.5)	(811.7)	(839.9)	(869.2)
Change in Current Portion of Long-Term Debt	228.3	(1,191.6)	1,037.1	212.1	(1,086.6)	479.0	(792.4)
Change in Long-Term Debt	(274.5)	92.1	97.8	91.0	123.0	126.5	130.0
Change in Notes Payable	284.6	3.7	4.6	3.0	9.1	9.4	9.7
Change in Other Liabilities	(160.4)	(140.4)	(122.8)	(107.5)	(94.0)	(82.3)	(72.0)
Change in Common Stock & Additional Paid-in Capital	123.7	123.7	123.7	123.7	123.7	73.0	-
Change in Common Stock in Treasury	(1,211.1)	(1,146.1)	(1,146.1)	(1,146.1)	(1,146.1)	(1,146.1)	(1,146.1)
Change in Accumulated Other Comprehensive Income (loss)	-	-	-	-	-	-	-
Dividends Paid	(1,341.8)	(1,353.5)	(1,368.5)	(1,384.5)	(1,401.4)	(1,419.3)	(1,435.6)
Change in Noncontrolling Interests	(20.2)	(18.4)	(20.8)	(19.4)	(20.2)	(19.8)	(19.7)
Net cash provided by Financing Activities	(2,371.4)	(3,630.4)	(1,394.9)	(2,227.6)	(3,492.4)	(1,979.5)	(3,326.1)
Total Change in Cash	334.6	(1,509.2)	727.7	(185.4)	(1,389.2)	147.1	(1,148.7)
Beginning of year cash	418.0	752.6	(756.6)	(28.9)	(214.3)	(1,603.5)	(1,456.4)
End of year cash	752.6	(756.6)	(28.9)	(214.3)	(1,603.5)	(1,456.4)	(2,605.1)

General Mills

Common Size Income Statement

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	63.52%	61.91%	61.30%	62.33%	62.69%	62.29%	61.55%	63.69%	64.99%	62.49%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
Depreciation & Amortization	3.34%	3.45%	3.42%	3.51%	3.52%	3.37%	3.41%	3.23%	3.10%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Selling, general & administrative expenses	18.88%	18.83%	17.93%	17.49%	17.41%	17.88%	16.99%	16.57%	17.42%	16.41%	17.05%	17.05%	17.05%	17.05%	17.05%	17.05%	17.05%
Divestitures gain (loss), net		0.89%	-0.09%		-0.18%		-0.30%	1.02%	2.21%		5%						
Restructuring, impairment, & other exit costs (recoveries)	3.09%	0.91%	1.17%	1.05%	1.63%	0.14%	0.94%	-0.14%	0.28%	1.22%	0%	0%	0%	1%	1%	1%	1%
Operating profit	11.78%	16.35%	16.43%	15.94%	14.92%	16.76%	17.35%	18.30%	17.09%	17.28%	23%	17%	18%	17%	18%	18%	18%
Benefit plan non-service income					0.52%	0.64%	0.73%	0.60%	0.44%	-0.38%	0.39%	0.38%	0.34%	0.29%	0.24%	0.21%	0.31%
Interest, net	-1.79%	-1.83%	-1.89%	-2.37%	-3.09%	-2.65%	-2.32%	-2.00%	-1.90%	-2.41%	-3.39%	-3.38%	-3.41%	-3.56%	-3.68%	-3.73%	-3.86%
Total earnings (loss) before income taxes & after-tax earnings from joint ventures	9.99%	14.51%	14.54%	13.57%	12.34%	14.75%	15.76%	16.90%	15.63%	15.25%	19.63%	14.43%	14.52%	14.05%	14.39%	14.58%	14.93%
Income taxes	3.33%	4.56%	4.19%	0.36%	2.18%	2.73%	3.47%	3.09%	3.05%	2.99%	4.32%	3.17%	3.19%	3.09%	3.17%	3.21%	3.29%
After-tax earnings (losses) from joint ventures	0.48%	0.53%	0.54%	0.54%	0.43%	0.52%	0.65%	0.59%	0.40%	0.43%	0.49%	0.50%	0.48%	0.46%	0.47%	0.48%	0.48%
Net earnings (loss), including earnings attributable to redeemable & noncontrolling interests	7.14%	10.49%	10.89%	13.74%	10.59%	12.54%	12.94%	14.40%	12.99%	12.68%	15.80%	11.75%	11.80%	11.42%	11.69%	11.85%	12.12%
Net earnings (loss) attributable to redeemable & noncontrolling interests	-0.22%	-0.24%	-0.28%	-0.20%	-0.20%	-0.17%	-0.03%	-0.15%	-0.08%	-0.11%	-0.10%	-0.09%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Net earnings attributable to General Mills	6.93%	10.25%	10.61%	13.54%	10.39%	12.37%	12.91%	14.25%	12.91%	12.57%	15.70%	11.66%	11.70%	11.32%	11.59%	11.75%	12.03%

General Mills
Common Size Balance Sheet

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Cash & cash equivalents	1.90%	4.61%	4.90%	2.53%	2.67%	9.52%	8.30%	3.00%	2.91%	2.11%	3.77%	-3.75%	-0.14%	-1.03%	-7.52%	-6.63%	-11.52%
Receivables	7.87%	8.22%	9.16%	10.70%	9.96%	9.16%	9.04%	8.91%	8.38%	8.54%	8.99%	8.99%	8.99%	8.99%	8.99%	8.99%	8.99%
Inventories	8.74%	8.54%	9.50%	10.43%	9.25%	8.09%	10.04%	9.83%	10.81%	9.56%	9.48%	9.48%	9.48%	9.48%	9.48%	9.48%	9.48%
Prepaid expenses	0.96%	1.07%	1.08%	1.05%	1.12%	1.10%	1.22%	1.12%	1.22%	1.34%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%
Marketable Investments & Derivative Receivable	0.46%	0.27%	0.21%	0.24%	0.25%	0.43%	2.40%	2.03%	0.98%	0.13%	0.10%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%
Other current assets	0.98%	1.07%	1.14%	1.22%	1.58%	0.78%	0.94%	1.33%	1.64%	1.42%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%
Assets held for sale								0.84%									
Total current assets	20.90%	23.77%	26.00%	26.20%	24.82%	29.05%	31.75%	26.80%	25.76%	23.07%	24.69%	17.17%	20.77%	19.88%	13.39%	14.27%	9.38%
Land, buildings, & equipment	21.46%	22.60%	23.61%	25.71%	22.46%	20.31%	19.90%	17.87%	18.10%	19.46%	20.26%	20.88%	21.43%	22.09%	22.31%	22.51%	22.70%
Goodwill	50.34%	52.78%	56.00%	89.36%	82.99%	78.99%	77.58%	75.71%	72.22%	74.28%	73.97%	73.05%	71.93%	71.23%	69.18%	67.18%	65.23%
Other intangible assets	26.53%	27.40%	29.00%	47.30%	42.49%	40.26%	39.45%	36.86%	34.67%	35.15%	34.90%	34.37%	33.74%	33.32%	32.27%	31.24%	30.25%
Right of Use Operating Lease Assets						2.07%	2.15%	1.91%	1.93%	2.08%	1.92%	1.98%	2.03%	2.09%	2.11%	2.13%	2.15%
Other assets	4.78%	4.54%	5.03%	5.99%	5.78%	4.09%	4.90%	4.69%	4.08%	3.83%	3.98%	4.10%	4.21%	4.35%	4.41%	4.47%	4.53%
Deferred Tax - Asset	0.57%									0.84%							
Total assets	124.58%	131.09%	139.65%	194.56%	178.54%	174.77%	175.66%	163.69%	156.52%	158.48%	159.72%	151.54%	154.12%	152.95%	143.66%	141.80%	134.23%
Accounts Payable	9.55%	12.36%	13.57%	17.45%	16.92%	18.42%	20.16%	20.97%	20.87%	20.08%	17.04%	17.04%	17.04%	17.04%	17.04%	17.04%	17.04%
Dividends Payable	0.16%	0.14%	0.13%	0.11%	0.12%	0.12%	0.15%	0.15%	0.14%	0.13%	0.12%	0.12%	0.12%	0.11%	0.11%	0.11%	0.10%
Accrued Expenses	5.37%	6.40%	5.24%	5.68%	5.24%	6.41%	6.36%	5.68%	5.81%	5.37%	5.76%	5.76%	5.76%	5.76%	5.76%	5.76%	5.76%
Current portion of long-term debt	5.67%	6.66%	3.87%	10.17%	8.28%	13.23%	13.59%	8.81%	8.51%	8.13%	9.24%	3.22%	8.23%	9.17%	3.81%	5.89%	2.21%
Notes payable	3.49%	1.63%	7.90%	9.85%	8.71%	1.58%	1.99%	4.27%	0.16%	0.06%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%
Grain Contracts & Miscellaneous	1.58%	1.86%	1.79%	1.84%	2.05%	1.81%	2.00%	2.12%	2.11%	1.71%	1.19%	1.16%	1.12%	1.08%	1.03%	0.97%	0.91%
Other current liabilities	1.90%	1.22%	1.20%	1.16%	0.84%	1.43%	2.09%	1.24%	1.33%	1.14%	1.18%	1.22%	1.25%	1.29%	1.31%	1.33%	1.34%
Total current liabilities	27.74%	30.28%	34.13%	46.64%	42.02%	42.50%	45.60%	42.23%	37.50%	35.42%	36.01%	30.00%	34.99%	35.93%	30.54%	32.56%	28.85%
Long-term debt	43.15%	42.61%	48.93%	80.49%	68.93%	62.00%	53.99%	48.10%	49.59%	56.93%	55.31%	55.08%	54.71%	54.62%	53.62%	52.65%	51.70%
Deferred income taxes	8.79%	8.45%	11.01%	12.73%	12.04%	11.05%	11.69%	11.68%	10.51%	11.08%	11.04%	10.90%	10.73%	10.63%	10.32%	10.02%	9.73%
Other liabilities	9.90%	12.60%	9.75%	8.52%	8.59%	8.77%	7.13%	4.89%	5.67%	6.46%	5.63%	4.87%	4.19%	3.63%	3.09%	2.62%	2.23%
Total liabilities	89.58%	93.94%	103.82%	148.38%	131.58%	124.32%	118.41%	106.89%	103.27%	109.89%	107.98%	100.85%	104.63%	104.81%	97.57%	97.85%	92.50%
Redeemable interest	4.42%	5.11%	5.83%	4.93%	3.27%	3.09%	3.34%										
Additional paid-in capital/ common stock	7.78%	7.56%	7.66%	8.12%	8.67%	8.08%	7.95%	6.63%	6.46%	6.56%	7.15%	7.68%	8.16%	8.68%	9.01%	9.08%	8.82%
Retained Earnings	68.01%	76.17%	84.12%	91.86%	88.92%	90.67%	94.17%	97.58%	98.73%	105.61%	114.07%	117.41%	120.27%	123.27%	123.94%	124.52%	125.12%
Common stock in treasury, at cost (share repurchase - contra asset)	34.35%	38.20%	49.70%	45.54%	40.20%	36.50%	36.47%	38.32%	41.85%	52.16%	58.01%	62.97%	67.59%	72.47%	75.76%	78.78%	81.57%
Accumulated other comprehensive income (loss)	-13.11%	-15.77%	-14.37%	-15.43%	-15.57%	-16.53%	-13.40%	-10.37%	-11.33%	-12.69%	-12.64%	-12.48%	-12.29%	-12.17%	-11.82%	-11.47%	-11.14%
Total stockholders' equity	28.34%	29.77%	27.71%	39.01%	41.83%	45.72%	52.24%	55.51%	52.00%	47.32%	50.57%	49.64%	48.55%	47.31%	45.38%	43.34%	41.23%
Noncontrolling interests	2.25%	2.28%	2.29%	2.23%	1.86%	1.65%	1.67%	1.29%	1.25%	1.27%	1.16%	1.06%	0.94%	0.84%	0.72%	0.61%	0.50%
Total equity	30.59%	32.04%	30.00%	41.25%	43.69%	47.37%	53.92%	56.80%	53.25%	48.59%	51.73%	50.70%	49.49%	48.15%	46.09%	43.95%	41.73%

General Mills

Value Driver Estimation

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	20,094.2	19,857.2	19,941.6	20,192.5	20,506.5	20,709.0	21,322.6	21,958.3	22,613.0
Cost of sales	11,197.9	10,254.1	9,574.9	9,811.7	10,572.9	10,979.9	11,156.3	12,096.1	13,058.7	12,409.1	12,563.4	12,721.5	12,919.2	13,046.8	13,433.4	13,833.9	14,246.3
SG&A expenses	3,328.0	3,118.9	2,801.3	2,752.6	2,935.8	3,151.6	3,079.6	3,147.0	3,500.4	3,259.0	3,400.9	3,443.7	3,497.2	3,531.7	3,636.4	3,744.8	3,856.4
Depreciation & Amortization Expense	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	546.6	552.7	603.8	525.8	547.9	570.1	592.7	615.6	638.8
Implied interest on operating leases(assuming cost of debt of 5%)						-	19.5	20.3	18.0	18.2	19.6	20.5	21.4	22.3	23.2	24.1	25.1
EBITA	2,516.1	2,582.0	2,640.0	2,557.3	2,736.4	2,900.4	3,309.3	3,199.7	3,006.5	3,654.6	3,493.2	3,522.1	3,563.5	3,582.6	3,683.3	3,788.2	3,896.4
Income Tax Expense	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	612.2	594.5	857.4	630.4	634.2	614.0	628.5	636.9	652.4
Add: Tax shield for lease interest						-	4.5	4.5	4.2	4.0	4.3	4.5	4.7	4.9	5.1	5.3	5.5
Add (Less): Tax shield for divestitures (gain), net		(49.6)	4.4		7.1		12.3	(42.7)	(104.5)		-220	0	0	0	0	0	0
Add: Tax shield for restructuring, impairment, and other exit costs (recoveries)	177.3	50.7	59.0	48.2	64.6	5.4	39.2	(5.8)	13.2	53.1	(4.4)	8.8	11.0	26.4	26.4	37.4	44.0
(Add): Tax on interest expense	102.8	101.8	95.3	108.7	122.6	103.6	96.7	83.5	89.8	105.4	148.0	147.6	149.1	155.6	161.0	163.0	168.8
(Less): Tax on benefit plan non-service income					20.7	25.0	30.6	24.9	20.9	(16.7)	16.9	16.5	15.1	12.7	10.7	9.2	13.5
Total adjusted taxes	866.9	858.0	813.9	214.2	541.5	564.4	751.2	600.8	594.1	773.7	768.5	774.9	784.0	788.2	810.3	833.4	857.2
Total change in deferred taxes	25.3	120.6	183.9	(504.3)	93.5	(29.6)	118.8	62.2	(22.2)	(48.5)	-	-	-	-	-	-	-
NOPLAT	1,674.5	1,844.6	2,010.0	1,838.8	2,288.4	2,306.4	2,676.9	2,661.1	2,390.2	2,832.4	2,724.7	2,747.2	2,779.6	2,794.4	2,873.0	2,954.8	3,039.2
Invested Capital (IC):																	
Cash & cash equivalents	335.0	314.7	296.8	299.1	320.4	334.9	344.4	360.9	381.8	377.3	378.9	383.7	389.6	393.5	405.1	417.2	429.6
Receivables	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,683.2	1,696.2	1,793.3	1,815.8	1,844.1	1,862.3	1,917.5	1,974.6	2,033.5
Inventories	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	2,172.0	1,898.2	1,890.2	1,914.0	1,943.7	1,962.9	2,021.1	2,081.4	2,143.4
Prepaid expenses	169.3	177.9	168.9	165.6	189.0	194.5	221.7	213.5	244.4	266.1	225.2	228.1	231.6	233.9	240.8	248.0	255.4
Other current assets	173.6	176.5	177.7	192.2	266.3	137.0	171.1	252.7	329.0	281.6	241.2	244.2	248.0	250.5	257.9	265.6	273.5
Account Payable	1,684.0	2,046.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	4,194.2	3,987.8	3,397.1	3,439.8	3,493.3	3,527.8	3,632.3	3,740.6	3,852.1
Accrued Expense	947.2	1,060.6	867.2	941.4	867.4	1,061.1	1,052.7	941.4	961.8	889.1	1,147.7	1,162.1	1,180.2	1,191.9	1,227.2	1,263.8	1,301.4
Dividend Payable	27.9	23.8	21.5	17.5	19.2	20.7	25.3	24.1	23.1	20.9	24.3	24.6	23.7	22.8	23.3	23.8	23.7
Grain Contract & Miscellaneous	279.3	308.0	296.6	304.1	338.9	299.7	331.2	351.8	349.1	283.7	237.1	235.0	229.7	223.2	219.6	212.1	206.4
Net Working Capital	667.1	4.7	252.0	(25.9)	(64.9)	(921.4)	(866.5)	(913.1)	(717.8)	(662.1)	(277.4)	(275.8)	(269.8)	(262.6)	(260.1)	(253.5)	(248.2)
Net PP&E	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,636.2	3,863.9	4,039.6	4,215.9	4,393.7	4,573.6	4,756.3	4,942.4	5,132.3
Intangible Assets	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	6,967.6	6,979.9	6,959.9	6,939.9	6,919.9	6,899.9	6,879.9	6,859.9	6,839.9
Operating lease assets					365.2	378.6	336.8	340.0	366.1	382.7	399.5	416.3	433.3	450.7	468.3	486.3	486.3
Invested Capital	9,127.4	8,286.9	8,470.1	11,466.4	10,889.1	10,120.2	10,269.5	9,817.4	10,226.0	10,547.8	11,104.8	11,279.4	11,460.1	11,644.3	11,826.8	12,017.1	12,210.2
Free Cash Flow (FCF):																	
NOPLAT	1,674.47	1,844.56	2,010.04	1,838.76	2,288.44	2,306.36	2,676.95	2,661.07	2,390.23	2,832.38	2,724.67	2,747.25	2,779.56	2,794.41	2,873.00	2,954.78	3,039.19
Change in IC		(840.48)	183.18	2,996.29	(577.23)	(768.93)	149.31	(452.15)	408.63	321.80	557.05	174.59	180.68	184.15	182.58	190.23	193.17
FCF	2,685.03	1,826.87	(1,157.53)	2,865.66	3,075.30	2,527.64	3,113.22	1,981.61	2,510.58	2,167.62	2,572.65	2,598.88	2,610.26	2,690.42	2,764.55	2,846.02	
Return on Invested Capital (ROIC):																	
NOPLAT	1,674.47	1,844.56	2,010.04	1,838.76	2,288.44	2,306.36	2,676.95	2,661.07	2,390.23	2,832.38	2,724.67	2,747.25	2,779.56	2,794.41	2,873.00	2,954.78	3,039.19
Beginning IC	9,127.38	8,286.90	8,470.08	11,466.37	10,889.14	10,120.21	10,269.51	9,817.36	10,225.99	10,547.79	11,104.84	11,279.43	11,460.11	11,644.26	11,826.84	12,017.07	
ROIC	20.21%	24.26%	21.71%	19.96%	21.18%	26.45%	25.91%	24.35%	27.70%	25.83%	24.74%	24.64%	24.38%	24.67%	24.98%	25.29%	
Economic Profit (EP):																	
Beginning IC		9,127.38	8,286.90	8,470.08	11,466.37	10,889.14	10,120.21	10,269.51	9,817.36	10,225.99	10,547.79	11,104.84	11,279.43	11,460.11	11,644.26	11,826.84	12,017.07
x (ROIC - WACC)	-6.68%	13.53%	17.57%	15.03%	13.27%	14.50%	19.77%	19.23%	17.66%	21.01%	19.15%	18.06%	17.96%	17.70%	17.99%	18.30%	18.61%
EP	1,234.56	1,456.22	1,272.70	1,522.13	1,578.63	2,000.60	1,974.74	1,734.13	2,148.97	2,019.75	2,005.10	2,025.74	2,028.51	2,094.80	2,164.38	2,236.08	

General Mills

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.41%
Beta	0.61
Equity Risk Premium	5.26%
Cost of Equity	7.62%

ASSUMPTIONS:

10 year treasury bond
Demotoran Food Processing Industry Beta
Historical geometric average -10 yr treasury

Cost of Debt:

Risk-Free Rate	4.41%
Implied Default Premium	0.94%
Pre-Tax Cost of Debt	5.35%
Marginal Tax Rate	22%
After-Tax Cost of Debt	4.17%

10 year treasury bond
YTM on company's 30 year bond

Market Value of Common Equity:

Total Shares Outstanding	559.1
Current Stock Price	\$63.81
MV of Equity	35,676.17

MV Weights

72.85%

Market Value of Debt:

Short-Term Debt	11.8
Current Portion of LTD	1614.1
Long-Term Debt	11304.2
PV of Operating Leases	366.1
MV of Total Debt	13,296.20

27.15%

Market Value of the Firm

48,972.37

100.00%

Estimated WACC

6.68%

General Mills

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E	2031E
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EPS	\$ 5.66	\$ 4.33	\$ 4.47	\$ 4.44	\$ 4.67	\$ 4.87	\$ 5.13
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	24.75%
Cost of Equity	7.62%

Future Cash Flows

P/E Multiple (CV Year)							17.56
EPS (CV Year)							\$ 5.13
Future Stock Price							90.05
Dividends Per Share	2.40	2.50	2.60	2.70	2.81	2.92	
Discounted Cash Flows	2.23	2.16	2.08	2.01	1.94	1.88	57.96

Intrinsic Value as of Last FYE \$ 70.27

Implied Price as of Today **\$ 71.53**

General Mills

Key Management Ratios

<i>Fiscal Years Ending May 31</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Liquidity Ratios:																	
Current Ratio = current assets / current liabilities	0.75	0.79	0.76	0.56	0.59	0.68	0.70	0.63	0.69	0.65	0.69	0.57	0.59	0.55	0.44	0.44	0.33
Quick Ratio = (cash + marketable securities + A/R) / current liabilities	0.35	0.42	0.41	0.28	0.30	0.44	0.38	0.28	0.30	0.30	0.35	0.17	0.25	0.22	0.05	0.07	-0.09
Cash Ratio = Cash & cash equivalents / current liabilities	0.07	0.15	0.14	0.05	0.06	0.22	0.18	0.07	0.08	0.06	0.10	-0.12	0.00	-0.03	-0.25	-0.20	-0.40
Net working Capital = current assets - current liabilities	(1,204.5)	(1,077.5)	(1,269.4)	(3,218.2)	(2,900.6)	(2,370.2)	(2,511.3)	(2,930.1)	(2,359.3)	(2,452.2)	(2,257.1)	(2,591.9)	(2,916.4)	(3,324.7)	(3,657.1)	(4,015.9)	(4,401.7)
Asset-Management Ratios:																	
Inventory Turnover Ratio = COGS / Average Inventory		6.94	6.61	6.28	6.60	7.36	6.87	6.56	6.47	6.10	6.63	6.69	6.70	6.68	6.74	6.74	6.74
Total Asset Turnover = sales / Average Total Assets		0.76	0.72	0.60	0.56	0.58	0.58	0.60	0.64	0.63	0.63	0.65	0.66	0.65	0.68	0.71	0.74
Working Capital Turnover = sales / average net working capital		14.52	13.31	7.02	5.51	6.69	7.43	6.98	7.60	8.25	8.47	8.33	7.45	6.64	6.11	5.72	5.37
Financial Leverage Ratios:																	
Debt-to-Assets = total debt / total assets	0.72	0.72	0.74	0.76	0.74	0.71	0.67	0.65	0.66	0.69	0.68	0.67	0.68	0.69	0.68	0.69	0.69
Debt-to-Equity = total debt / total equity	2.93	2.93	3.46	3.60	3.01	2.62	2.20	1.88	1.94	2.26	2.09	1.99	2.11	2.18	2.12	2.23	2.22
Debt-to-Capital = total debt / (total debt + equity)	0.75	0.75	0.78	0.78	0.75	0.72	0.69	0.65	0.66	0.69	0.68	0.67	0.68	0.69	0.68	0.69	0.69
Profitability Ratios:																	
Return on Equity = net income / total equity (beginning)		31.48%	31.23%	45.48%	27.00%	29.60%	28.02%	27.70%	24.04%	23.33%	32.31%	22.44%	22.69%	22.16%	23.08%	23.74%	24.75%
Return on Assets = net income / total assets (beginning)		7.73%	7.63%	9.77%	5.72%	7.24%	7.60%	8.50%	8.34%	7.94%	9.91%	7.27%	7.59%	7.12%	7.27%	7.62%	7.67%
Gross Profit Margin = (Sales - Cost of Sales) / Sales	36.48%	38.09%	38.70%	37.67%	37.31%	37.71%	38.45%	36.31%	35.01%	37.51%	37.00%	37.00%	37.00%	37.00%	37.00%	37.00%	37.00%
Operating margin = Operating Profit / Sales	11.78%	16.35%	16.43%	15.94%	14.92%	16.76%	17.35%	18.30%	17.09%	17.28%	22.53%	17.14%	17.03%	16.61%	16.60%	16.37%	16.24%
Payout Policy Ratios:																	
Dividend Payout Ratio = (Dividend/EPS)	82.67%	62.90%	68.09%	53.12%	67.12%	54.60%	53.02%	45.74%	49.54%	54.38%	42.40%	57.65%	58.12%	60.74%	60.09%	59.99%	59.23%
Total Payout Ratio = ((Divs. + Repurchases)/NI)	178.47%	98.88%	168.12%	81.71%	67.48%	54.98%	66.15%	78.35%	103.76%	134.82%	49.79%	49.50%	49.34%	50.96%	49.79%	49.11%	47.99%
Retention Ratio = (Net Income - Dividends)/ Net Income	16.67%	36.86%	31.52%	46.52%	32.58%	45.18%	46.73%	54.03%	50.35%	45.39%	56.95%	41.54%	41.08%	38.43%	39.11%		

General Mills
Sensitivity Tables

		Beta							
		71.64	0.52	0.55	0.58	0.61	0.64	0.67	0.70
Risk Free Rate	4.25%	82.38	79.49	76.75	74.15	71.68	69.34	67.10	
	4.30%	81.44	78.60	75.91	73.35	70.93	68.61	66.41	
	4.35%	80.52	77.73	75.08	72.57	70.18	67.90	65.73	
	4.41%	79.44	76.71	74.11	71.64	69.30	67.06	64.93	
	4.45%	78.73	76.04	73.47	71.04	68.72	66.51	64.40	
	4.50%	77.86	75.21	72.69	70.29	68.01	65.83	63.76	
	4.55%	77.00	74.39	71.91	69.55	67.31	65.16	63.12	

		Inventory (% of sales) previous 10 year average							
		71.64	8.88%	9.08%	9.28%	9.48%	9.68%	9.88%	10.08%
Cost of Sales (% of sales)	61.50%	81.18	81.08	80.98	80.89	80.79	80.69	80.59	
	62.00%	78.10	78.00	77.91	77.81	77.71	77.61	77.51	
	62.50%	75.02	74.92	74.83	74.73	74.63	74.53	74.43	
	63.00%	71.94	71.85	71.75	71.65	71.55	71.45	71.35	
	63.50%	68.87	68.77	68.67	68.57	68.47	68.37	68.27	
	64.00%	65.79	65.69	65.59	65.49	65.39	65.29	65.20	
	64.50%	62.71	62.61	62.51	62.41	62.31	62.22	62.12	

		WACC							
		71.64	6.40%	6.50%	6.60%	6.68%	6.80%	6.90%	7.00%
CV growth of NOPLAT	1.75%	73.09	70.99	68.98	67.37	65.19	63.41	61.70	
	1.85%	74.44	72.27	70.19	68.53	66.28	64.45	62.68	
	1.95%	75.85	73.60	71.45	69.74	67.42	65.53	63.71	
	2.10%	78.08	75.71	73.45	71.64	69.21	67.23	65.32	
	2.15%	78.86	76.45	74.15	72.31	69.84	67.82	65.88	
	2.25%	80.47	77.97	75.59	73.68	71.13	69.04	67.04	
	2.35%	82.17	79.57	77.09	75.12	72.47	70.31	68.25	

		SG&A (% of sales) previous 5 year average							
		71.64	16.60%	16.75%	16.90%	17.05%	17.20%	17.35%	17.50%
Equity Risk Premium	4.90%	78.01	77.05	76.10	75.14	74.18	73.22	72.26	
	5.05%	76.50	75.55	74.61	73.66	72.72	71.78	70.83	
	5.20%	75.02	74.09	73.16	72.23	71.30	70.37	69.44	
	5.26%	74.45	73.52	72.60	71.67	70.74	69.82	68.89	
	5.40%	73.12	72.21	71.30	70.39	69.47	68.56	67.65	
	5.55%	71.75	70.85	69.95	69.05	68.15	67.25	66.34	
	5.70%	70.41	69.52	68.63	67.74	66.86	65.97	65.08	

		Marginal Tax Rate							
		71.64	15.0%	17.0%	19.0%	22.0%	24.0%	26.0%	28.0%
Pre-Tax Cost of Debt	5.05%	80.41	78.32	76.20	72.98	70.80	68.59	66.36	
	5.15%	79.89	77.82	75.72	72.53	70.37	68.18	65.97	
	5.25%	79.38	77.33	75.25	72.09	69.94	67.77	65.58	
	5.35%	78.87	76.84	74.78	71.64	69.52	67.37	65.19	
	5.45%	78.37	76.36	74.32	71.21	69.10	66.97	64.81	
	5.55%	77.87	75.88	73.86	70.77	68.69	66.57	64.43	
	5.65%	77.38	75.40	73.40	70.35	68.28	66.18	64.05	

		Depreciation Rate							
		71.64	11.62%	11.92%	12.22%	12.52%	12.82%	13.12%	13.42%
Normal Cash Estimate	1.30%	73.15	72.75	72.35	71.96	71.56	71.16	70.76	
	1.50%	73.05	72.65	72.25	71.85	71.45	71.05	70.65	
	1.70%	72.95	72.55	72.15	71.75	71.35	70.95	70.55	
	1.90%	72.84	72.45	72.05	71.65	71.25	70.85	70.45	
	2.10%	72.74	72.34	71.94	71.54	71.14	70.74	70.35	
	2.30%	72.64	72.24	71.84	71.44	71.04	70.64	70.24	
	2.50%	72.54	72.14	71.74	71.34	70.94	70.54	70.14	

General Mills

Valuation of Options Granted under ESOP

Current Stock Price	\$63.81
Risk Free Rate	4.41%
Current Dividend Yield	3.38%
Annualized St. Dev. of Stock Returns	18.917%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	12,044.4	57.43	5.59	\$ 13.17	\$ 158,648
Range 2					
Range 3					
Range 4					
Range 5					
Range 6					
Range 7					
Range 8					
Range 9					
Total	12,044	\$ 57.43	5.59	\$ 21.10	\$ 158,648