

General Mills

A Portfolio for Global Growth
Annual Report 2011



WE HAVE A PORTFOLIO BUILT FOR GLOBAL GROWTH.

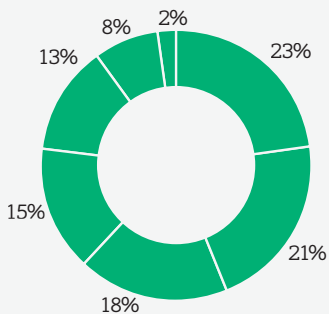
From ready-to-eat cereal to convenient meals to wholesome snacks, we compete in growing food categories that are on-trend with consumer tastes around the world. Our brands hold leading market positions in more than 100 markets worldwide, with great opportunities for expansion.



General Mills at a Glance

U.S. Retail

Net sales by division

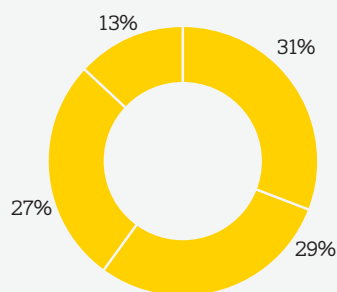


\$10.2 Billion

- 23% Big G Cereals
- 21% Meals
- 18% Pillsbury USA
- 15% Yoplait
- 13% Snacks
- 8% Baking Products
- 2% Small Planet Foods/Other

International

Net sales by region

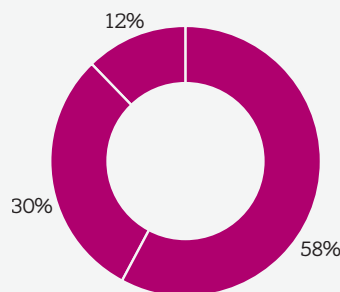


\$2.9 Billion

- 31% Europe
- 29% Asia/Pacific
- 27% Canada
- 13% Latin America

Bakeries and Foodservice

Net sales by customer type

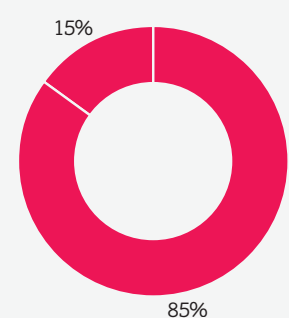


\$1.8 Billion

- 58% Bakeries & National Restaurant Accounts
- 30% Foodservice Distributors
- 12% Convenience Stores

Joint Ventures

Net sales by joint venture (not consolidated, proportionate share)



\$1.2 Billion

- 85% Cereal Partners Worldwide (CPW)
- 15% Häagen-Datz Japan

Fiscal 2011 Financial Highlights

(In millions, except per share and return on capital data)	Fiscal Year Ended		Change
	May 29, 2011	May 30, 2010	
Net Sales	\$14,880	\$14,636	+ 2%
Segment Operating Profit ^a	2,946	2,840	+ 4
Net Earnings Attributable to General Mills	1,798	1,530	+18
Diluted Earnings per Share (EPS)	2.70	2.24	+20
Adjusted Diluted EPS, Excluding Certain Items Affecting Comparability ^b	2.48	2.30	+ 8
Return on Average Total Capital ^a	13.7%	13.8%	-10 basis pts.
Average Diluted Shares Outstanding	665	683	- 3
Dividends per Share	\$ 1.12	\$ 0.96	+17

Net Sales

Dollars in millions

11	14,880
10	14,636
09	14,556
08	13,548
07	12,304

Segment Operating Profit^a

Dollars in millions

11	2,946
10	2,840
09	2,624
08	2,394
07	2,273

Adjusted Diluted Earnings per Share^b

Dollars

11	2.48
10	2.30
09	1.99
08	1.76
07	1.59

Average Diluted Shares Outstanding

Shares in millions

11	665
10	683
09	687
08	694
07	720

Dividends per Share

Dollars

11	1.12
10	0.96
09	0.86
08	0.78
07	0.72

Return on Average Total Capital^a

Percent

11	13.7
10	13.8
09	12.3
08	11.7
07	11.0

^a See page 85 for discussion of non-GAAP measures.

^b Results exclude certain items affecting comparability. See page 85 for discussion of non-GAAP measures.

To Our Shareholders



Ken Powell

Chairman and Chief Executive Officer

I'm pleased to report that General Mills achieved good sales and earnings growth in fiscal 2011. Our results met the key targets we had set for the year, and represented performance consistent with our long-term growth model. The company's progress in 2011 extended a strong record of business growth in recent years.

Net sales for the fiscal year ended May 29, 2011, grew 2 percent to reach \$14.9 billion. Segment operating profit rose 4 percent to exceed \$2.9 billion. And diluted earnings per share (EPS) increased 20 percent to \$2.70. The EPS comparison included changes in mark-to-market valuation of certain commodity positions in both years, as well as certain tax items that resulted in a net earnings benefit in 2011 and a charge in 2010. Adjusted diluted earnings per share, which excludes these items from both years, grew 8 percent to \$2.48.

We were generally pleased with these results because fiscal 2011 presented a truly challenging environment for food manufacturers. Widespread price promotion took place across the food industry for much of last year. Costs for food ingredients and energy, which had moderated in the prior year, began rising again and the cost inflation accelerated as the year went on. In addition, consumers in developed markets remained cautious in a still uncertain economic environment. Results for our U.S. Retail segment reflected these challenges, with net sales of \$10.2 billion essentially matching year-ago levels and operating profit of \$2.3 billion declining 2 percent from record performance in 2010. However, we posted sales increases on a number of key businesses, including *Nature Valley* and *Fiber One* grain snacks, *Progreso* ready-to-serve soup, *Old El Paso* Mexican foods, and our Small Planet Foods line of organic

and natural products. Sales for Big G ready-to-eat cereals declined slightly, along with sales for the U.S. cereal category overall. But we maintained our share of cereal category sales in ACNielsen-measured channels, and our market share grew on an all-channel basis.

Our Bakeries and Foodservice segment, which competes primarily in U.S. channels for food eaten away from home, soundly outpaced industry trends. Net sales for this business segment grew 6 percent to \$1.8 billion. This included 3 percent growth in sales to foodservice distributors and an 11 percent increase in sales to convenience store customers. Segment operating profit rose 16 percent to exceed the \$300 million mark for the first time in company history.

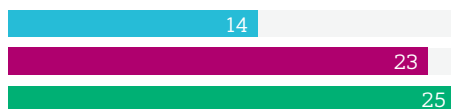
Our International segment results were strong across the board. Net sales rose 7 percent to nearly \$2.9 billion. Excluding the impact of foreign currency exchange rates, constant-currency net sales grew in each of the four regions where we compete, including gains of 7 percent in Europe and 9 percent in the Asia/Pacific region. International segment operating profit totaled \$291 million, up sharply from the prior year that included negative effects from Venezuelan currency devaluation and other foreign exchange items. Excluding foreign exchange effects, profit still grew at a double-digit rate.

Our Cereal Partners Worldwide (CPW) and Häagen-Dazs Japan (HDJ) joint ventures contributed a combined \$96 million in after-tax earnings in 2011. Combined CPW and HDJ net sales, which are not consolidated in General Mills' results, rose 4 percent led by higher sales for CPW.

Total Returns to Shareholders

Percent growth, stock price change plus reinvested dividends

Fiscal 2011



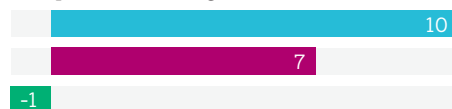
GIS

S&P Packaged Foods Index

S&P 500 Index

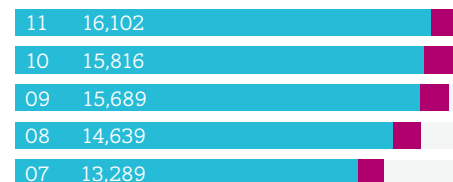
May 2007–May 2011

Compound annual growth



Worldwide Net Sales*

Dollars in millions



Consolidated Net Sales

Our Share of Ongoing Joint Venture Net Sales

*See page 85 of our 2011 Annual Report for discussion of non-GAAP measures.

Net Sales Performance

Operating Division/Segment	2011 Net Sales % Change
Small Planet Foods	+ 13
International Segment*	+ 7
Bakeries and Foodservice Segment	+ 6
Snacks	+ 5
Yoplait	+ 1
Meals	- 1
Big G Cereals	- 2
Pillsbury USA	- 2
Baking Products	- 4

*Does not include the impact of foreign currency translation. See page 86 of our 2011 Annual Report for a reconciliation to reported results.

In total, General Mills results in fiscal 2011 represented continuing growth on top of strong performance in recent years. Since 2007, General Mills net sales have grown at a 5 percent compound rate. Our segment operating profit has grown even faster, compounding at 7 percent per year. And our adjusted diluted EPS (this measure excludes certain items affecting comparability of results) has increased at a 12 percent compound rate.

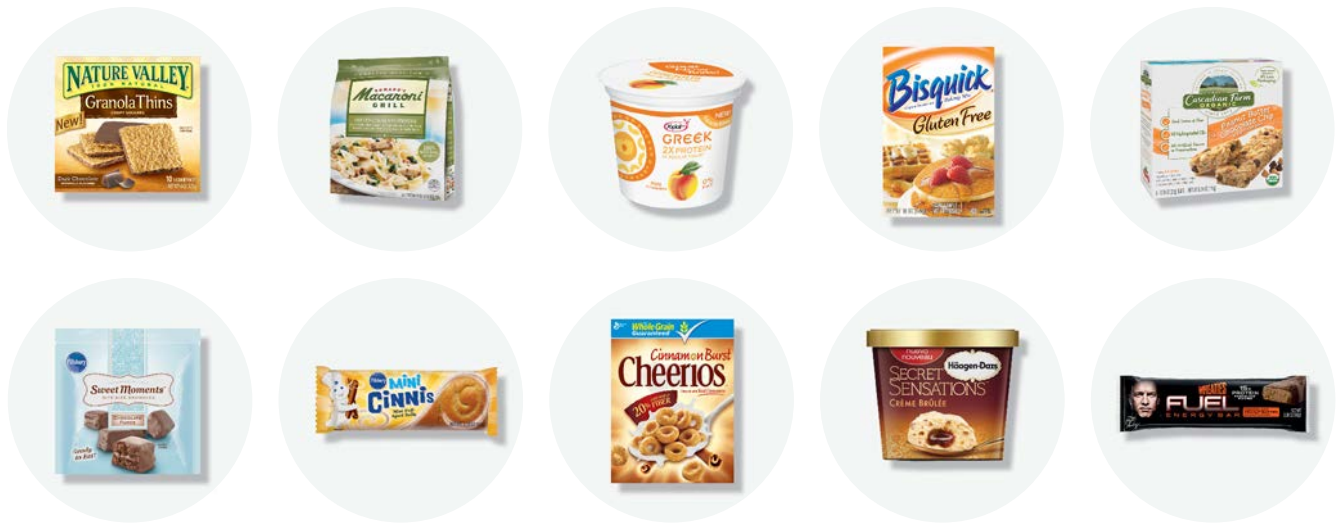
Our good financial performance was reflected in price appreciation for General Mills stock in fiscal 2011. In addition, dividends per share grew 17 percent last year. In total, stock price appreciation plus dividends generated a 14 percent return to our shareholders for the year. This lagged the very strong returns posted by our peer group and the broader market in 2011. However, our 14 percent return followed a 43 percent return to GIS shareholders in the previous year.

As shown in the chart above, over the past four fiscal years General Mills has delivered a double-digit compound annual return to shareholders—superior performance in a volatile and challenging period for the equity market overall.

As we enter our next phase of growth, we are targeting continued good sales and earnings performance in the years ahead. It seems clear that food manufacturers will have to contend with higher—and more volatile—input costs. In our case, total supply chain cost inflation was 4 percent in 2011, and we've estimated 10 to 11 percent inflation in our plans for 2012. There are multiple factors contributing to this inflationary pressure, but the fundamental driver is growth of emerging markets and their increased demand for food ingredients and energy.

We adopted a new business model several years ago to help us manage higher inflation. This model begins with Holistic Margin Management (HMM), our discipline of using productivity, mix and price realization to offset inflation and protect our gross margin. A strong gross margin gives us the ability to fund continued high levels of investment in product improvements, new product development, sales capabilities and consumer marketing. These activities fuel net sales growth and ultimately, growth in earnings. We believe this HMM-driven business model has worked very well in recent years. As you can see in the charts on page 5, it enabled us to protect and expand gross margin over a five-year period when our input cost inflation averaged between 4 and 5 percent. We expect HMM to help us achieve continuing high-quality sales and earnings growth as we go forward.

A Selection of Our New Products Launched in 2011



We remain committed to our long-term growth model, which is outlined in the following table:

General Mills Long-term Growth Model

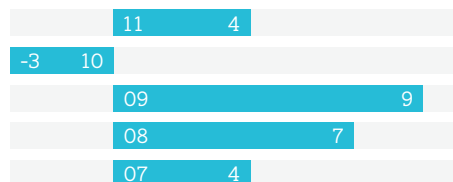
Growth Factor	Compound Annual Growth Target
Net Sales	Low single-digit
Segment Operating Profit	Mid single-digit
Earnings per Share	High single-digit
Dividend Yield	2 to 3 percent
Total Return to Shareholders	Double-digit

Our targets for fiscal 2012 differ from this long-term model due to two primary factors: a sharp increase in estimated input costs, and our acquisition of a controlling interest in the international Yoplait yogurt business. Our business plans before any impact from the Yoplait acquisition assume 10 to 11 percent input cost inflation for fiscal 2012, driven by higher costs for food ingredients and energy. We expect our HMM discipline of productivity, mix management and price realization to offset most, but not all, of this cost pressure. As a result, we are estimating a decline in our gross margin for the year, and we expect segment operating profit growth and earnings per share growth will be below our long-term targets. Net sales are expected to grow at a mid single-digit rate in 2012, driven by price realization and a strong lineup of new products and marketing initiatives.

On July 1, 2011, we completed the purchase of a controlling interest in Yoplait SAS, headquartered in France. Sodiaal, the leading French dairy cooperative, will hold the remaining interest. We intend to work together with Sodiaal to build the *Yoplait* brand in existing markets and expand to new markets worldwide. We plan to consolidate this business, which will increase our reported sales and operating profit in 2012. We expect the 2012 EPS contribution from Yoplait's operating results will be offset by some incremental amortization expense and by the effect on EPS of our decision to buy back fewer shares this year to pay for this acquisition with cash. Beyond 2012, we anticipate that *Yoplait* will be an important source of earnings growth for General Mills.

In fact, international business expansion is one of our five key growth drivers. The other four are: partnering effectively with our retail and foodservice customers; building our brands through strong levels of consumer marketing; protecting and expanding margins; and generating strong levels of product innovation. Of these, innovation is the most powerful lever: It drives growth for our categories and growth in our sales, earnings and market share. We've got a high level of innovation planned across our businesses in 2012. And our innovation and marketing efforts are focused on four big and growing consumer groups: the millennial generation, ages 17 to 34; the baby boomer generation, ages 50 and over; U.S. multicultural consumers; and rising middle-class consumers in emerging global markets. You can read about many of our product and marketing initiatives in the following pages of this report.

Input Cost Trend
Percent



Includes raw materials, energy, labor expense, carrier rates, and storage and handling

Gross Margin
Percent of net sales



Net sales less cost of sales

Our input cost inflation has averaged 4 to 5 percent over the past five years. With our Holistic Margin Management efforts, we've been able to offset this cost inflation and expand our gross margin over this time.

Leading Market Positions in U.S. Retail Measured Outlets

Category	Fiscal 2011 Category Retail Sales (\$ in millions)	Our Dollar Share %	Our Branded Rank
Ready-to-eat Cereal	6,300	31	2
Refrigerated Yogurt	4,300	31	1
Frozen Vegetables	2,400	18	2
Mexican Aisle Products	1,800	18	1
Grain Snacks	1,800	31	1
Dry Packaged Dinners	1,400	21	2
Ready-to-serve Soup	1,400	36	2
Refrigerated Dough	1,400	70	1
Dessert Mixes	1,300	40	1
Frozen Hot Snacks	1,100	24	2
Fruit Snacks	500	50	1

Source: ACNielsen measured outlets, which represent approximately 60 percent of our U.S. retail sales

We enter 2012 confident that we are positioned for another year of good growth. Our brands hold leading market share positions in large and attractive food categories. Our categories are on-trend with consumer demand for great-tasting, healthy and convenient foods, so these categories are growing in markets all around the world. And our business plans for 2012 include a high level of product news and marketing innovation, designed to fuel growth for our categories and for our brands.

General Mills' performance is the product of our 35,000 talented and dedicated employees around the world, and I want to close this letter with my sincere thanks to General Mills people for all that you do to build our great company. Let me also acknowledge two senior leaders who announced their retirements during 2011. Chris Shea, Executive Vice President, External Relations, and Rick Lund, Vice President, Controller and Principal Accounting Officer, made important and lasting contributions to General Mills, and we thank them very much for their service.

I'd also like to thank you for your investment in General Mills. We appreciate your confidence in our business and its prospects, and we look forward to reporting on our continuing growth.

Kendall J. Powell
Chairman and Chief Executive Officer
August 1, 2011

WE HAVE A PORTFOLIO FOR GLOBAL



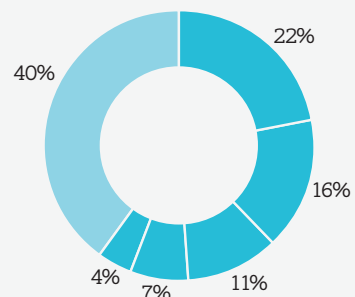
Whether it's a bowl of *Cheerios* in Barcelona, a cup of *Yoplait* yogurt in Columbus or a *Nature Valley* bar in Brisbane, we offer great-tasting, nutritious and convenient foods for consumers around the world.

Our brands are consumer favorites and hold strong share positions in a wide variety of growing food categories. For example, we are a leading player in the \$24 billion global ready-to-eat cereal category. *Häagen-Dazs* is the world's best-selling brand of ice cream. And *Yoplait* is the second-largest brand in the \$65 billion global yogurt category.

We market our brands in a variety of U.S. retail outlets from traditional grocery stores to convenience stores. We also compete in foodservice channels such as restaurants, store bakeries and school cafeterias. Our brands are available internationally in outlets ranging from hypermarkets to *Häagen-Dazs* ice cream shops.

The demand for wholesome, convenient and great-tasting foods is growing around the world. Yet per capita consumption of foods such as cereal and yogurt is still relatively low in many markets. So we see tremendous opportunities to grow our businesses in both developed and emerging markets. Our brands are well-positioned to meet the needs of consumers everywhere, giving us a portfolio for global growth.

General Mills Pro Forma Net Sales*



- 22% Ready-to-eat Cereal
- 16% Refrigerated Yogurt
- 11% Convenient Meals
- 7% Wholesome Snack Bars
- 4% Super-premium Ice Cream
- 40% All Other Businesses

*Fiscal 2011 U.S. net sales plus fiscal 2011 International net sales at estimated foreign currency translation rates plus fiscal 2012 Yoplait International \$1.2 billion pro forma sales plus fiscal 2011 proportionate share of joint venture revenues.

Consolidated Statements of Earnings

GENERAL MILLS, INC. AND SUBSIDIARIES

In Millions, Except per Share Data	Fiscal Year		
	2011	2010	2009
Net sales	\$ 14,880.2	\$ 14,635.6	\$ 14,555.8
Cost of sales	8,926.7	8,835.4	9,380.9
Selling, general, and administrative expenses	3,192.0	3,162.7	2,893.2
Divestitures (gain), net	(17.4)	—	(84.9)
Restructuring, impairment, and other exit costs	4.4	31.4	41.6
Operating profit	2,774.5	2,606.1	2,325.0
Interest, net	346.3	401.6	382.8
Earnings before income taxes and after-tax earnings from joint ventures	2,428.2	2,204.5	1,942.2
Income taxes	721.1	771.2	720.4
After-tax earnings from joint ventures	96.4	101.7	91.9
Net earnings, including earnings attributable to noncontrolling interests	1,803.5	1,535.0	1,313.7
Net earnings attributable to noncontrolling interests	5.2	4.5	9.3
Net earnings attributable to General Mills	\$ 1,798.3	\$ 1,530.5	\$ 1,304.4
Earnings per share - basic	\$ 2.80	\$ 2.32	\$ 1.96
Earnings per share - diluted	\$ 2.70	\$ 2.24	\$ 1.90
Dividends per share	\$ 1.12	\$ 0.96	\$ 0.86

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

GENERAL MILLS, INC. AND SUBSIDIARIES

In Millions, Except Par Value	May 29, 2011	May 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 619.6	\$ 673.2
Receivables	1,162.3	1,041.6
Inventories	1,609.3	1,344.0
Deferred income taxes	27.3	42.7
Prepaid expenses and other current assets	483.5	378.5
Total current assets	3,902.0	3,480.0
Land, buildings, and equipment	3,345.9	3,127.7
Goodwill	6,750.8	6,592.8
Other intangible assets	3,813.3	3,715.0
Other assets	862.5	763.4
Total assets	\$18,674.5	\$17,678.9
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 995.1	\$ 849.5
Current portion of long-term debt	1,031.3	107.3
Notes payable	311.3	1,050.1
Other current liabilities	1,321.5	1,762.2
Total current liabilities	3,659.2	3,769.1
Long-term debt	5,542.5	5,268.5
Deferred income taxes	1,127.4	874.6
Other liabilities	1,733.2	2,118.7
Total liabilities	12,062.3	12,030.9
Stockholders' equity:		
Common stock, 754.6 shares issued, \$0.10 par value	75.5	75.5
Additional paid-in capital	1,319.8	1,307.1
Retained earnings	9,191.3	8,122.4
Common stock in treasury, at cost, shares of 109.8 and 98.1	(3,210.3)	(2,615.2)
Accumulated other comprehensive loss	(1,010.8)	(1,486.9)
Total stockholders' equity	6,365.5	5,402.9
Noncontrolling interests	246.7	245.1
Total equity	6,612.2	5,648.0
Total liabilities and equity	\$18,674.5	\$17,678.9

See accompanying notes to consolidated financial statements.