

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED August 29, 2010
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission file number: 001-01185

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**GENERAL MILLS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

Number One General Mills Boulevard  
Minneapolis, Minnesota  
(Address of principal executive offices)

41-0274440  
(I.R.S. Employer  
Identification No.)

55426  
(Zip Code)

(763) 764-7600  
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Non-accelerated  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

Number of shares of Common Stock outstanding as of September 13, 2010: 640,299,621 (excluding 114,313,707 shares held in the treasury).

General Mills, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**Consolidated Statements of Earnings**  
**GENERAL MILLS, INC. AND SUBSIDIARIES**  
(Unaudited) (In Millions, Except per Share Data)

	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Net sales	\$ 3,533.1	\$ 3,482.4
Cost of sales	2,008.8	2,041.6
Selling, general, and administrative expenses	762.9	748.7
Restructuring, impairment, and other exit costs (income)	<u>1.0</u>	<u>(0.8)</u>
Operating profit	760.4	692.9
Interest, net	<u>90.3</u>	<u>91.9</u>
Earnings before income taxes and after-tax earnings from joint ventures	670.1	601.0
Income taxes	223.0	203.2
After-tax earnings from joint ventures	<u>26.5</u>	<u>24.2</u>
Net earnings, including earnings attributable to noncontrolling interests	473.6	422.0
Net earnings attributable to noncontrolling interests	<u>1.5</u>	<u>1.4</u>
Net earnings attributable to General Mills	<u>\$ 472.1</u>	<u>\$ 420.6</u>
Earnings per share - basic	<u>\$ 0.73</u>	<u>\$ 0.64</u>
Earnings per share - diluted	<u>\$ 0.70</u>	<u>\$ 0.62</u>
Dividends per share	<u>\$ 0.28</u>	<u>\$ 0.24</u>

See accompanying notes to consolidated financial statements.

**Consolidated Balance Sheets**  
**GENERAL MILLS, INC. AND SUBSIDIARIES**  
(In Millions, Except Par Value)

	<u>Aug. 29, 2010</u>	<u>May 30, 2010</u>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 697.0	\$ 673.2
Receivables	1,173.1	1,041.6
Inventories	1,665.2	1,344.0
Deferred income taxes	35.6	42.7
Prepaid expenses and other current assets	<u>382.9</u>	<u>378.5</u>
Total current assets	3,953.8	3,480.0
Land, buildings, and equipment	3,111.7	3,127.7
Goodwill	6,613.5	6,592.8
Other intangible assets	3,727.7	3,715.0
Other assets	<u>803.8</u>	<u>763.4</u>
Total assets	<u>\$ 18,210.5</u>	<u>\$ 17,678.9</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 888.0	\$ 849.5
Current portion of long-term debt	107.3	107.3
Notes payable	1,349.8	1,050.1
Other current liabilities	<u>1,746.4</u>	<u>1,762.2</u>
Total current liabilities	4,091.5	3,769.1
Long-term debt	5,771.6	5,268.5
Deferred income taxes	885.1	874.6
Other liabilities	<u>2,090.9</u>	<u>2,118.7</u>
Total liabilities	<u>12,839.1</u>	<u>12,030.9</u>
Stockholders' equity:		
Common stock, 754.6 shares issued, \$0.10 par value	75.5	75.5
Additional paid-in capital	1,282.5	1,307.1
Retained earnings	8,410.4	8,122.4
Common stock in treasury, at cost, shares of 113.8 and 98.1	(3,252.7)	(2,615.2)
Accumulated other comprehensive loss	<u>(1,390.9)</u>	<u>(1,486.9)</u>
Total stockholders' equity	5,124.8	5,402.9
Noncontrolling interests	<u>246.6</u>	<u>245.1</u>
Total equity	<u>5,371.4</u>	<u>5,648.0</u>
Total liabilities and equity	<u>\$ 18,210.5</u>	<u>\$ 17,678.9</u>

See accompanying notes to consolidated financial statements.

**Consolidated Statements of Total Equity and Comprehensive Income**  
**GENERAL MILLS, INC. AND SUBSIDIARIES**  
(Unaudited) (In Millions, Except per Share Data)

	<b>\$.10 Par Value Common Stock (One Billion Shares Authorized)</b>						<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Noncontrolling Interests</b>	<b>Total</b>
	<b>Issued</b>			<b>Treasury</b>						
	<b>Shares</b>	<b>Par Amount</b>	<b>Additional Paid-In Capital</b>	<b>Shares</b>	<b>Amount</b>	<b>Amount</b>				
<b>Balance as of May 31, 2009</b>	754.6	\$ 75.5	\$1,212.1	(98.6)	\$(2,473.1)	\$7,235.6	\$ (877.8)	\$244.2	\$5,416.5	
Comprehensive income:										
Net earnings, including earnings attributable to noncontrolling interests						1,530.5		4.5	1,535.0	
Other comprehensive income (loss)							(609.1)	0.2	(608.9)	
Total comprehensive income									926.1	
Cash dividends declared (\$0.96 per share)						(643.7)			(643.7)	
Stock compensation plans (includes income tax benefits of \$114.0)			53.3	21.8	549.7				603.0	
Shares purchased				(21.3)	(691.8)				(691.8)	
Unearned compensation related to restricted stock unit awards			(65.6)						(65.6)	
Distributions to noncontrolling interest holders								(3.8)	(3.8)	
Earned compensation			107.3						107.3	
<b>Balance as of May 30, 2010</b>	754.6	75.5	1,307.1	(98.1)	(2,615.2)	8,122.4	(1,486.9)	245.1	5,648.0	
Comprehensive income:										
Net earnings, including earnings attributable to noncontrolling interests						472.1		1.5	473.6	
Other comprehensive income							96.0	0.7	96.7	
Total comprehensive income									570.3	
Cash dividends declared (\$0.28 per share)						(184.1)			(184.1)	
Stock compensation plans (includes income tax benefits of \$35.0)			14.9	5.7	150.9				165.8	
Shares purchased				(21.4)	(788.4)				(788.4)	
Unearned compensation related to restricted stock awards			(77.4)						(77.4)	
Distributions to noncontrolling interest holders								(0.7)	(0.7)	
Earned compensation			37.9						37.9	
<b>Balance as of Aug. 29, 2010</b>	754.6	\$ 75.5	\$1,282.5	(113.8)	\$(3,252.7)	\$8,410.4	\$(1,390.9)	\$246.6	\$5,371.4	

See accompanying notes to consolidated financial statements.

**Consolidated Statements of Cash Flows**  
**GENERAL MILLS, INC. AND SUBSIDIARIES**  
(Unaudited) (In Millions)

	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Cash Flows - Operating Activities		
Net earnings, including earnings attributable to noncontrolling interests	\$ 473.6	\$ 422.0
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	111.3	111.1
After-tax earnings from joint ventures	(26.5)	(24.2)
Stock-based compensation	37.9	37.5
Deferred income taxes	22.4	12.5
Tax benefit on exercised options	(35.0)	(14.7)
Distributions of earnings from joint ventures	21.5	16.8
Pension and other postretirement benefit plan contributions	(2.4)	(2.2)
Pension and other postretirement benefit plan expense (income)	18.3	(1.8)
Restructuring, impairment, and other exit income	(1.0)	(0.7)
Changes in current assets and liabilities	(406.1)	(298.8)
Other, net	(36.4)	17.6
	<b>177.6</b>	<b>275.1</b>
Net cash provided by operating activities		
Cash Flows - Investing Activities		
Purchases of land, buildings, and equipment	(132.6)	(126.3)
Investments in affiliates, net	(1.9)	0.8
Proceeds from disposal of land, buildings, and equipment	1.8	5.7
Other, net	12.5	2.7
	<b>(120.2)</b>	<b>(117.1)</b>
Net cash used by investing activities		
Cash Flows - Financing Activities		
Change in notes payable	299.0	101.4
Issuance of long-term debt	500.0	—
Payment of long-term debt	(1.8)	(2.1)
Proceeds from common stock issued on exercised options	88.1	75.4
Tax benefit on exercised options	35.0	14.7
Purchases of common stock for treasury	(788.4)	(233.9)
Dividends paid	(184.1)	(156.2)
Other, net	(5.1)	—
	<b>(57.3)</b>	<b>(200.7)</b>
Net cash used by financing activities		
Effect of exchange rate changes on cash and cash equivalents	23.7	4.5
Increase (decrease) in cash and cash equivalents	23.8	(38.2)
Cash and cash equivalents - beginning of year	673.2	749.8
Cash and cash equivalents - end of period	<b>\$ 697.0</b>	<b>\$ 711.6</b>
Cash Flow from Changes in Current Assets and Liabilities:		
Receivables	\$ (121.1)	\$ (181.0)
Inventories	(316.0)	(297.4)
Prepaid expenses and other current assets	(6.0)	94.5
Accounts payable	76.1	44.1
Other current liabilities	(39.1)	41.0
Changes in current assets and liabilities	<b>\$ (406.1)</b>	<b>\$ (298.8)</b>

See accompanying notes to consolidated financial statements.

GENERAL MILLS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

(1) Background

The accompanying Consolidated Financial Statements of General Mills, Inc. (we, us, our, General Mills, or the Company) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include certain information and disclosures required for comprehensive financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. Operating results for the quarter ended August 29, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending May 29, 2011.

These statements should be read in conjunction with the Consolidated Financial Statements and footnotes included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010. The accounting policies used in preparing these Consolidated Financial Statements are the same as those described in Note 2 to the Consolidated Financial Statements in that Form 10-K, except as discussed in Notes 2, 15, and 16 to these Consolidated Financial Statements.

(2) Basis of Presentation and Reclassification

At the beginning of fiscal 2011, we revised the classification of certain revenues and expenses to better align our income statement line items with how we manage our business. We revised the classification of amounts previously reported in our Consolidated Statements of Earnings to conform to the current year presentation. These revised classifications had no effect on previously reported net earnings attributable to General Mills or earnings per share. The changes include:

- Revising the classification of certain customer logistics allowances as a reduction of net sales (previously recorded as cost of sales). The impact of this change was a decrease in net sales of \$36.4 million and a corresponding decrease to cost of sales in the quarter ended August 30, 2009.
- Revising the classification of certain promotion-related costs, customer allowances, and supply chain costs as cost of sales or selling, general, and administrative (SG&A) expenses (previously recorded as a reduction of net sales or SG&A expenses). The impact of these changes was a net increase to cost of sales of \$17.9 million and a corresponding decrease to SG&A expenses in the quarter ended August 30, 2009.
- Shifting allocation of certain SG&A expenses, primarily stock-based compensation, between segment operating profit and unallocated corporate items. The impact of this change was a decrease to segment operating profit of \$5.2 million and a corresponding decrease in unallocated corporate items in the quarter ended August 30, 2009.
- Shifting sales responsibility for a customer from our Bakeries and Foodservice segment to our U.S. Retail segment. For the quarter ended August 30, 2009, net sales of \$2.7 million and segment operating profit of \$1.1 million previously recorded in our Bakeries and Foodservice segment have now been reported in the U.S. Retail segment.

In May 2010, our Board of Directors approved a two-for-one stock split to be effected in the form of a 100 percent stock dividend to stockholders of record on May 28, 2010. The Company's stockholders received one additional share of common stock for each share of common stock in their possession on that date. The additional shares were distributed on June 8, 2010. This did not change the proportionate interest that a stockholder maintained in the Company. All shares and per share amounts have been adjusted for the two-for-one stock split throughout this report.

### (3) Restructuring, Impairment, and Other Exit Costs

Restructuring, impairment, and other exit costs (income) were as follows:

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Sale of Contagem, Brazil bread and pasta plant	—	(1.0)
Charges associated with restructuring actions previously announced	1.0	0.2
<b>Total</b>	<b>\$ 1.0</b>	<b>\$ (0.8)</b>

In the first quarter of fiscal 2011, we did not undertake any new restructuring actions. During the first quarter of fiscal 2010, we recorded a net gain of \$1.0 million related to the closure and sale of our Contagem, Brazil bread and pasta plant.

### (4) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill during fiscal 2011 were as follows:

<b>In Millions</b>	<b>U.S. Retail</b>	<b>International</b>	<b>Bakeries and Foodservice</b>	<b>Joint Ventures</b>	<b>Total</b>
Balance as of May 30, 2010	\$ 5,098.3	\$ 122.0	\$ 923.0	\$ 449.5	\$6,592.8
Other activity, primarily foreign currency translation	—	2.8	—	17.9	20.7
Balance as of Aug. 29, 2010	\$ 5,098.3	\$ 124.8	\$ 923.0	\$ 467.4	\$6,613.5

The changes in the carrying amount of other intangible assets during fiscal 2011 were as follows:

<b>In Millions</b>	<b>U.S. Retail</b>	<b>International</b>	<b>Joint Ventures</b>	<b>Total</b>
Balance as of May 30, 2010	\$ 3,206.6	\$ 445.3	\$ 63.1	\$3,715.0
Other activity, primarily foreign currency translation	(0.9)	13.1	0.5	12.7
Balance as of Aug. 29, 2010	\$ 3,205.7	\$ 458.4	\$ 63.6	\$3,727.7

### (5) Inventories

The components of inventories were as follows:

<b>In Millions</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>
Raw materials and packaging	\$ 288.2	\$ 247.5
Finished goods	1,360.0	1,131.4
Grain	158.6	107.4
Excess of FIFO or weighted-average cost over LIFO cost	(141.6)	(142.3)
<b>Total</b>	<b>\$ 1,665.2</b>	<b>\$ 1,344.0</b>



(6) Financial Instruments, Risk Management Activities, and Fair Values

**Financial Instruments.** The carrying values of cash and cash equivalents, receivables, accounts payable, other current liabilities, and notes payable approximate fair value. Marketable securities are carried at fair value. As of August 29, 2010, and May 30, 2010, a comparison of cost and market values of our marketable debt and equity securities is as follows:

<b>In Millions</b>	<b>Cost</b>		<b>Market Value</b>		<b>Gross Gains</b>		<b>Gross Losses</b>	
	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>
Available for sale:								
Debt securities	\$ 11.6	\$ 11.8	\$ 11.8	\$ 11.9	\$ 0.2	\$ 0.1	\$ —	\$ —
Equity securities	6.5	6.1	14.0	15.5	7.6	9.4	0.1	—
<b>Total</b>	<b>\$ 18.1</b>	<b>\$ 17.9</b>	<b>\$ 25.8</b>	<b>\$ 27.4</b>	<b>\$ 7.8</b>	<b>\$ 9.5</b>	<b>\$ 0.1</b>	<b>\$ —</b>

Earnings include insignificant realized gains from sales of available-for-sale marketable securities. Gains and losses are determined by specific identification. Classification of marketable securities as current or noncurrent is dependent upon management's intended holding period, the security's maturity date, or both. The aggregate unrealized gains and losses on available-for-sale securities, net of tax effects, are classified in accumulated other comprehensive income (loss) (AOCI) within stockholders' equity. Scheduled maturities of our marketable securities are as follows:

<b>In Millions</b>	<b>Available for Sale</b>	
	<b>Cost</b>	<b>Market Value</b>
Under 1 year (current)	\$ 5.2	\$ 5.2
From 1 to 3 years	0.4	0.4
From 4 to 7 years	4.9	5.0
Over 7 years	1.1	1.2
Equity securities	6.5	14.0
<b>Total</b>	<b>\$ 18.1</b>	<b>\$ 25.8</b>

Marketable securities with a market value of \$2.3 million as of August 29, 2010, were pledged as collateral for certain derivative contracts.

The fair values and carrying amounts of long-term debt, including the current portion, were \$6,646.5 million and \$5,878.9 million, respectively, as of August 29, 2010. The fair value of long-term debt was estimated using market quotations and discounted cash flows based on our current incremental borrowing rates for similar types of instruments.

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

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

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

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

Unallocated corporate items for the quarters ended August 29, 2010, and August 30, 2009, included:

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Net gain (loss) on mark-to-market valuation of commodity positions	\$ 40.1	\$ (28.7)
Net loss on commodity positions reclassified from unallocated corporate items to segment operating profit	7.2	26.5
Net mark-to-market revaluation of certain grain inventories	24.6	(12.6)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	\$ 71.9	\$ (14.8)

As of August 29, 2010, the net notional value of commodity derivatives was \$107.9 million, primarily related to energy inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

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

**Floating Interest Rate Exposures** — Except as discussed below, floating-to-fixed interest rate swaps are accounted for as cash flow hedges, as are all hedges of forecasted issuances of debt. Effectiveness is assessed based on either the perfectly effective hypothetical derivative method or changes in the present value of interest payments on the underlying debt. Effective gains and losses deferred to AOCI are reclassified into earnings over the life of the associated debt. Ineffective gains and losses are recorded as net interest. The amount of hedge ineffectiveness was less than \$1 million as of August 29, 2010.

**Fixed Interest Rate Exposures** — Fixed-to-floating interest rate swaps are accounted for as fair value hedges with effectiveness assessed based on changes in the fair value of the underlying debt and derivatives, using incremental borrowing rates currently available on loans with similar terms and maturities. Ineffective gains and losses on these derivatives and the underlying hedged items are recorded as net interest. The amount of hedge ineffectiveness was less than \$1 million as of August 29, 2010.

During the fourth quarter of fiscal 2010, in advance of a planned debt financing, we entered into \$500 million of treasury lock derivatives with an average fixed rate of 4.3 percent. All of these treasury locks were cash settled for \$17.1 million coincident with the issuance of our \$500 million 30-year fixed-rate notes, which settled during the first quarter of fiscal 2011. As of August 29, 2010, a \$16.7 million pre-tax loss remained in AOCI, which will be reclassified to earnings over the term of the underlying debt.

During the second quarter of fiscal 2010 we entered into \$700.0 million of interest rate swaps to convert \$700.0 million of 5.65 percent fixed-rate notes, to floating rates. In May 2010, we repurchased \$179.2 million of our 5.65 percent notes, and as a result, we received \$2.7 million to settle a portion of these swaps that related to the repurchased debt.

In anticipation of our acquisition of The Pillsbury Company (Pillsbury) and other financing needs, we entered into pay-fixed interest rate swap contracts during fiscal 2001 and 2002 totaling \$7.1 billion to lock in our interest payments on the associated debt. As of August 29, 2010, we still owned \$1.6 billion of Pillsbury-related pay-fixed swaps that were previously neutralized with offsetting pay-floating swaps in fiscal 2002.

In advance of a planned debt financing in fiscal 2007, we entered into \$700.0 million pay-fixed, forward-starting interest rate swaps with an average fixed rate of 5.7 percent. All of these forward-starting interest rate swaps were cash settled for \$22.5 million coincident with our \$1.0 billion 10-year fixed-rate note offering on January 24, 2007. As of August 29, 2010, a \$14.4 million pre-tax loss remained in AOCI, which will be reclassified to earnings over the term of the underlying debt.

The following table summarizes the notional amounts and weighted-average interest rates of our interest rate swaps. As discussed above, we have neutralized all of our Pillsbury-related pay-fixed swaps with pay-floating swaps; however, we cannot present them on a net basis in the following table because the offsetting occurred with different counterparties. Average floating rates are based on rates as of the end of the reporting period.

<u>In Millions</u>	<u>Aug. 29, 2010</u>	<u>May 30, 2010</u>
Pay-floating swaps - notional amount	\$ 2,155.6	\$ 2,155.6
Average receive rate	4.8%	4.8%
Average pay rate	0.3%	0.3%
Pay-fixed swaps - notional amount	\$ 1,600.0	\$ 1,600.0
Average receive rate	0.3%	0.3%
Average pay rate	7.3%	7.3%

The swap contracts mature at various dates from fiscal 2011 to 2013 as follows:

<u>In Millions</u>	<u>Pay Floating</u>	<u>Pay Fixed</u>
2011	\$ 17.6	\$ —
2012	1,603.4	850.0
2013	534.6	750.0
Total	\$ 2,155.6	\$ 1,600.0

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

The amount of hedge ineffectiveness was less than \$1 million as of August 29, 2010.

We also have many net investments in foreign subsidiaries that are denominated in euros. We hedged a portion of these net investments by issuing euro-denominated commercial paper and foreign exchange forward contracts. As of August 29, 2010, we had deferred net foreign currency transaction losses of \$95.7 million in AOCI associated with hedging activity.

### ***Fair Value Measurements and Financial Statement Presentation***

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

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

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

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

The fair values of our assets, liabilities, and derivative positions recorded at fair value as of August 29, 2010, were as follows:

<b>In Millions</b>	<b>Fair Values of Assets</b>				<b>Fair Values of Liabilities</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	\$ —	\$ 11.7	\$ —	\$ 11.7	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts (c) (d)	—	6.4	—	6.4	—	(13.3)	—	(13.3)
<b>Total</b>	<b>—</b>	<b>18.1</b>	<b>—</b>	<b>18.1</b>	<b>—</b>	<b>(13.3)</b>	<b>—</b>	<b>(13.3)</b>
Derivatives not designated as hedging instruments:								
Interest rate contracts (a) (b)	—	117.1	—	117.1	—	(154.3)	—	(154.3)
Foreign exchange contracts (c)	—	6.0	—	6.0	—	(1.1)	—	(1.1)
Commodity contracts (c) (e)	8.2	7.7	—	15.9	—	(3.7)	—	(3.7)
<b>Total</b>	<b>8.2</b>	<b>130.8</b>	<b>—</b>	<b>139.0</b>	<b>—</b>	<b>(159.1)</b>	<b>—</b>	<b>(159.1)</b>
Other assets and liabilities reported at fair value:								
Marketable investments (a) (f)	14.0	11.8	—	25.8	—	—	—	—
Grain contracts (c) (e)	—	58.2	—	58.2	—	(24.5)	—	(24.5)
<b>Total</b>	<b>14.0</b>	<b>70.0</b>	<b>—</b>	<b>84.0</b>	<b>—</b>	<b>(24.5)</b>	<b>—</b>	<b>(24.5)</b>
<b>Total assets, liabilities, and derivative positions recorded at fair value</b>	<b>\$ 22.2</b>	<b>\$ 218.9</b>	<b>\$ —</b>	<b>\$241.1</b>	<b>\$ —</b>	<b>\$(196.9)</b>	<b>\$ —</b>	<b>\$(196.9)</b>

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

(b) Based on LIBOR and swap rates.

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

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

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

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

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

Information related to our cash flow hedges, net investment hedges, and other derivatives not designated as hedging instruments for the quarters ended August 29, 2010, and August 30, 2009, follows:

In Millions	Interest Rate Contracts		Foreign Exchange Contracts		Equity Contracts		Commodity Contracts		Total	
	Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended	
	Aug. 29, 2010	Aug. 30, 2009	Aug. 29, 2010	Aug. 30, 2009	Aug. 29, 2010	Aug. 30, 2009	Aug. 29, 2010	Aug. 30, 2009	Aug. 29, 2010	Aug. 30, 2009
Derivatives in Cash Flow Hedging Relationships:										
Amount of gain (loss) recognized in other comprehensive income (OCI) (a)	\$ —	\$ 0.4	\$ (7.4)	\$ (2.0)	\$ —	\$ —	\$ —	\$ —	\$ (7.4)	\$ (1.6)
Amount of gain (loss) reclassified from AOCI into earnings (a) (b)	(3.3)	(3.8)	(5.6)	3.3	—	—	—	—	(8.9)	(0.5)
Amount of (gain) loss recognized in earnings (c) (d)	—	—	0.3	(0.2)	—	—	—	—	0.3	(0.2)
Derivatives Not Designated as Hedging Instruments:										
Amount of gain (loss) recognized in earnings (e)	(4.2)	2.5	(3.6)	—	—	0.1	—	(28.7)	(7.8)	(26.1)

- (a) Effective portion.
- (b) Gain (loss) reclassified from AOCI into earnings is reported in interest, net for interest rate swaps and in cost of sales and SG&A expenses for foreign exchange contracts.
- (c) All gain (loss) recognized in earnings is related to the ineffective portion of the hedging relationship. No amounts were reported as a result of being excluded from the assessment of hedge effectiveness.
- (d) Loss recognized in earnings is reported in SG&A expenses for foreign exchange contracts.
- (e) Gain (loss) recognized in earnings is reported in interest, net for interest rate contracts, in cost of sales for commodity contracts, and in SG&A expenses for equity contracts and foreign exchange contracts.

**Amounts Recorded in Accumulated Other Comprehensive Loss.** Unrealized losses from interest rate cash flow hedges recorded in AOCI as of August 29, 2010, totaled \$23.0 million after tax. These deferred losses are primarily related to interest rate swaps we entered into in contemplation of future borrowings and other financing requirements and are being reclassified into net interest over the lives of the hedged forecasted transactions. Unrealized losses from foreign currency cash flow hedges recorded in AOCI as of August 29, 2010, were \$7.0 million after-tax. The net amount of pre-tax gains and losses in AOCI as of August 29, 2010, that we expect to be reclassified into net earnings within the next 12 months is \$19.8 million of expense.

**Credit-Risk-Related Contingent Features.** Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on August 29, 2010, was \$5.7 million. We would be required to post this amount of collateral to the counterparties if the contingent features were triggered.

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

The amount of loss due to the credit risk of the counterparties, should the counterparties fail to perform according to the terms of the contracts, is \$33.9 million against which we hold \$2.0 million of collateral. Under the terms of master swap agreements, some of our transactions require collateral or other security to support financial instruments subject to threshold levels of exposure and counterparty credit risk. Collateral assets are either cash or U.S. Treasury instruments and are held in a trust account that we may access if the counterparty defaults.

(7) Debt

The components of notes payable were as follows:

<b>In Millions</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>
U.S. commercial paper	<b>\$1,239.4</b>	\$ 973.0
Euro commercial paper	<b>10.3</b>	—
Financial institutions	<b>100.1</b>	77.1
<b>Total</b>	<b>\$1,349.8</b>	<b>\$1,050.1</b>

To ensure availability of funds, we maintain bank credit lines sufficient to cover our outstanding short-term borrowings. Commercial paper is a continuing source of short-term financing. We issue commercial paper in the United States and Europe. Our commercial paper borrowings are supported by \$2.9 billion of fee-paid committed credit lines, consisting of a \$1.8 billion facility expiring in October 2012 and a \$1.1 billion facility expiring in October 2010. As of August 29, 2010, we did not have any outstanding borrowings under these credit lines. We also have \$278.9 million in uncommitted credit lines that support our foreign operations.

In June 2010, we issued \$500.0 million aggregate principal amount of 5.4 percent notes due 2040. The proceeds of these notes were used to repay a portion of our outstanding commercial paper. Interest on these notes is payable semi-annually in arrears. These notes may be redeemed at our option at any time for a specified make whole amount. These notes are senior unsecured, unsubordinated obligations that include a change of control repurchase provision.

In May 2010, we paid \$437.0 million to repurchase in a cash tender offer \$400.0 million of our previously issued debt. We repurchased \$220.8 million of our 6.0 percent notes due 2012 and \$179.2 million of our 5.65 percent notes due 2012. We issued commercial paper to fund the repurchase.

Our credit facilities and certain of our long-term debt and noncontrolling interests agreements contain restrictive covenants. As of August 29, 2010, we were in compliance with all of these covenants.

## (8) Stockholders' Equity

The following table provides details of total comprehensive income:

In Millions	Quarter Ended Aug. 29, 2010			Quarter Ended Aug. 30, 2009		
	Pretax	Tax	Net	Pretax	Tax	Net
Net earnings attributable to General Mills			\$ 472.1			\$ 420.6
Net earnings attributable to noncontrolling interests			1.5			1.4
Net earnings, including earnings attributable to noncontrolling interests			\$ 473.6			\$ 422.0
Other comprehensive income (loss):						
Foreign currency translation	\$ 82.1	\$ —	\$ 82.1	\$ 38.6	\$ —	\$ 38.6
Other fair value changes:						
Securities	(2.0)	0.7	(1.3)	0.3	(0.1)	0.2
Hedge derivatives	(7.4)	0.1	(7.3)	(1.6)	(0.2)	(1.8)
Reclassification to earnings:						
Hedge derivatives	8.9	(3.4)	5.5	0.5	(0.2)	0.3
Amortization of losses and prior service costs	27.3	(10.3)	17.0	4.6	(1.8)	2.8
Other comprehensive income in accumulated other comprehensive loss	108.9	(12.9)	96.0	42.4	(2.3)	40.1
Other comprehensive income attributable to noncontrolling interests	0.7	—	0.7	0.2	—	0.2
Other comprehensive income	\$ 109.6	\$ (12.9)	\$ 96.7	\$ 42.6	\$ (2.3)	\$ 40.3
Total comprehensive income			\$ 570.3			\$ 462.3

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

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

In Millions	Aug. 29, 2010	May 30, 2010
Foreign currency translation adjustments	\$ 277.0	\$ 194.9
Unrealized gain (loss) from:		
Securities	4.3	5.6
Hedge derivatives	(30.7)	(28.9)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	(1,609.3)	(1,611.0)
Prior service costs	(32.2)	(47.5)
Accumulated other comprehensive loss	\$ (1,390.9)	\$ (1,486.9)

## (9) Stock Plans

All shares and per share amounts have been adjusted for the two-for-one stock split on May 28, 2010.

We have various stock-based compensation programs under which awards, including stock options, restricted stock, and restricted stock units, may be granted to employees and non-employee directors. These programs and related accounting are described on pages 78 to 81 of our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

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

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Compensation expense related to stock-based payments	\$ 56.6	\$ 59.0

As of August 29, 2010, unrecognized compensation expense related to non-vested stock options and restricted stock units was \$276.1 million. This expense will be recognized over 26 months, on average.

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

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Net cash proceeds	\$ 88.3	\$ 75.4
Intrinsic value of options exercised	\$ 70.0	\$ 36.3

We estimate the fair value of each option on the grant date using the Black-Scholes option-pricing model, which requires us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, and dividend yield. We estimate our future stock price volatility using the historical volatility over the expected term of the option, excluding time periods of volatility we believe a marketplace participant would exclude in estimating our stock price volatility. We also have considered, but did not use, implied volatility in our estimate because trading activity in options on our stock, especially those with tenors of greater than 6 months, is insufficient to provide a reliable measure of expected volatility. Our method of selecting the other valuation assumptions is explained on page 79 in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

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

	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Estimated fair values of stock options granted	\$ 4.08	\$ 3.18
Assumptions:		
Risk-free interest rate	3.0%	3.7%
Expected term	8.5 years	8.5 years
Expected volatility	18.5%	18.9%
Dividend yield	3.0%	3.4%



Information on stock option activity follows:

	<b>Options (Thousands)</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value (Millions)</b>
Balance as of May 30, 2010	81,104.6	\$ 25.17		
Granted	5,073.8	37.40		
Exercised	(4,431.0)	21.04		
Forfeited or expired	(18.1)	28.14		
Outstanding as of Aug. 29, 2010	81,729.3	\$ 26.15	4.85	\$ 812.2
Exercisable as of Aug. 29, 2010	53,229.5	\$ 23.57	3.13	\$ 662.2

Information on restricted stock unit activity follows:

	<b>Equity Classified</b>		<b>Liability Classified</b>			
	<b>Share- Settled Units (Thousands)</b>	<b>Weighted- Average Grant-Date Fair Value</b>	<b>Share- Settled Units (Thousands)</b>	<b>Weighted- Average Grant-Date Fair Value</b>	<b>Cash-Settled Share-Based Units (Thousands)</b>	<b>Weighted- Average Grant-Date Fair Value</b>
Non-vested as of May 30, 2010	10,209.8	\$ 28.49	424.3	\$ 28.64	3,703.7	\$ 29.65
Granted	2,133.6	37.38	111.4	37.40	1,200.7	37.40
Vested	(2,596.4)	26.10	(71.5)	28.99	(76.9)	31.48
Forfeited or expired	(105.3)	31.25	(24.8)	28.10	(92.7)	30.32
Non-vested as of Aug. 29, 2010	9,641.7	\$ 31.06	439.4	\$ 30.83	4,734.8	\$ 31.57

The total grant-date fair value of restricted stock unit awards that vested in the quarter ended August 29, 2010, was \$72.3 million, and restricted stock units with a grant-date fair value of \$12.4 million vested in the quarter ended August 30, 2009.

#### (10) Earnings Per Share

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

<b>In Millions, Except per Share Data</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Net earnings attributable to General Mills	\$ 472.1	\$ 420.6
Average number of common shares - basic EPS	647.3	653.0
Incremental share effect from: (a)		
Stock options	17.8	14.6
Restricted stock, restricted stock units, and other	6.8	5.2
Average number of common shares - diluted EPS	671.9	672.8
Earnings per share - basic	\$ 0.73	\$ 0.64
Earnings per share - diluted	\$ 0.70	\$ 0.62

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

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Anti-dilutive stock options and restricted stock units	5.1	20.8

#### (11) Share Repurchases

On June 28, 2010, our Board of Directors approved an authorization for the repurchase of up to 100,000,000 shares of our common stock.

During the first quarter of fiscal 2011, we repurchased 21.4 million shares of common stock for an aggregate purchase price of \$788.4 million. During the first quarter of fiscal 2010, we repurchased 8.6 million shares of common stock for an aggregate purchase price of \$233.9 million.

#### (12) Interest, Net

The components of interest were as follows:

<b>Expense (Income), in Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Interest expense	\$ 93.8	\$ 95.3
Capitalized interest	(2.1)	(1.1)
Interest income	(1.4)	(2.3)
Interest, net	\$ 90.3	\$ 91.9

### (13) Statements of Cash Flows

During the quarter ended August 29, 2010, we made net cash interest payments of \$101.1 million, compared to \$117.6 million in the same period last year. Also, in the quarter ended August 29, 2010, we made tax payments of \$27.8 million, compared to \$26.0 million in the same period last year.

### (14) Retirement and Postemployment Benefits

Components of net pension, other postretirement, and postemployment expense (income) were as follows:

<b>In Millions</b>	<b>Defined Benefit Pension Plans</b>		<b>Other Postretirement Benefit Plans</b>		<b>Postemployment Benefit Plans</b>	
	<b>Quarter Ended</b>		<b>Quarter Ended</b>		<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Service cost	\$ 25.4	\$ 17.7	\$ 4.6	\$ 3.2	\$ 2.0	\$ 1.8
Interest cost	57.6	57.6	15.0	15.4	1.3	1.4
Expected return on plan assets	(102.2)	(99.8)	(8.3)	(7.3)	—	—
Amortization of losses	20.4	2.0	3.6	0.5	0.5	0.2
Amortization of prior service costs (credits)	2.3	1.7	(0.1)	(0.4)	0.6	0.6
Other adjustments	—	—	—	—	2.0	—
Settlement or curtailment losses	—	—	—	—	—	2.5
<b>Net expense (income)</b>	<b>\$ 3.5</b>	<b>\$ (20.8)</b>	<b>\$ 14.8</b>	<b>\$ 11.4</b>	<b>\$ 6.4</b>	<b>\$ 6.5</b>

### (15) Business Segment Information

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

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

In Canada, our major product categories are ready-to-eat cereals, shelf stable and frozen vegetables, dry dinners, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza snacks, and grain and fruit snacks. In markets outside North America, our product categories include super-premium ice cream, grain snacks, shelf stable and frozen vegetables, dough products, and dry dinners. Our International segment also includes products manufactured in the United States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities are reported in the region or country where the end customer is located.

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

Operating profit for these segments excludes unallocated corporate expense, restructuring, impairment, and other exit costs, and divestiture gains and losses. Unallocated corporate expense includes variances to planned corporate

overhead expenses, variances to planned domestic employee benefits and incentives, annual contributions to the General Mills Foundation, and other items that are not part of our measurement of segment operating performance. These include gains and losses arising from the revaluation of certain grain inventories and gains and losses from mark-to-market valuation of certain commodity positions until passed back to our operating segments. These items affecting operating profit are centrally managed at the corporate level and are excluded from the measure of segment profitability reviewed by executive management. Under our supply chain organization, our manufacturing, warehouse, and distribution activities are substantially integrated across our operations in order to maximize efficiency and productivity. As a result, fixed assets and depreciation and amortization expenses are neither maintained nor available by operating segment.

As discussed in Note 2, at the beginning of fiscal 2011 we revised certain SG&A expense classifications between segment operating profit and corporate items and shifted selling responsibility for a customer from our Bakeries and Foodservice segment to the U.S. Retail segment. All prior period amounts have been restated to conform to the current period presentation.

Our operating segment results were as follows:

<b>In Millions</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Net sales:		
U.S. Retail	\$2,446.6	\$2,399.6
International	659.8	656.9
Bakeries and Foodservice	426.7	425.9
<b>Total</b>	<b>\$3,533.1</b>	<b>\$3,482.4</b>
Operating profit:		
U.S. Retail	\$ 614.6	\$ 634.3
International	62.0	62.9
Bakeries and Foodservice	72.5	65.2
<b>Total segment operating profit</b>	<b>749.1</b>	<b>762.4</b>
Unallocated corporate items	(12.3)	70.3
Restructuring, impairment, and other exit costs (income)	1.0	(0.8)
<b>Operating profit</b>	<b>\$ 760.4</b>	<b>\$ 692.9</b>

#### (16) New Accounting Pronouncements

In the first quarter of fiscal 2011 we adopted new accounting guidance on the consolidation model for variable interest entities (VIEs). The guidance requires companies to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the company (1) has the power to direct matters that most significantly impact the VIE's economic performance, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The adoption of the guidance did not have any impact on our results of operations or financial condition.

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

INTRODUCTION

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the MD&A included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010, for important background regarding, among other things, our key business drivers. Significant trademarks and service marks used in our business are set forth in *italics* herein. Certain terms used throughout this report are defined in a glossary on pages 26-27 of this report.

CONSOLIDATED RESULTS OF OPERATIONS

First Quarter Results

For the first quarter of fiscal 2011, net sales grew 1 percent to \$3,533 million and total segment operating profit of \$749 million was 2 percent lower than the first quarter of fiscal 2010. Diluted earnings per share (EPS) was up 13 percent and diluted EPS excluding certain items affecting comparability was flat compared to the first quarter of fiscal 2010. (See pages 25-26 for a discussion of measures not defined by GAAP).

**Net sales** growth of 1 percent to \$3,533 million for the first quarter of fiscal 2011 was the result of 2 percentage points of contributions from volume growth, partially offset by 1 percentage point from unfavorable foreign currency exchange.

**Components of net sales growth**

<b>First Quarter of Fiscal 2011 vs. First Quarter of Fiscal 2010</b>	<b>U.S. Retail</b>	<b>International</b>	<b>Bakeries and Foodservice</b>	<b>Combined Segments</b>
Contributions from volume growth (a)	1 pt	4 pts	3 pts	2 pts
Net price realization and mix	1 pt	Flat	-3 pts	Flat
Foreign currency exchange	NA	-4 pts	Flat	-1 pt
<b>Net sales growth</b>	<b>2 pts</b>	<b>Flat</b>	<b>Flat</b>	<b>1 pt</b>

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

**Cost of sales** decreased \$33 million from the first quarter of fiscal 2010 to \$2,009 million. In the first quarter of fiscal 2011, we recorded a \$72 million net decrease in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories compared to a net increase of \$15 million in the first quarter of fiscal 2010. This decrease was offset by a \$41 million increase attributable to higher volume and \$13 million of unfavorable mix and higher input costs.

**Selling, general, and administrative (SG&A) expenses** were up \$14 million to \$763 million in the first quarter of fiscal 2011 versus the same period in fiscal 2010. SG&A expenses as a percent of net sales in the first quarter of fiscal 2011 were flat compared with fiscal 2010. The increase in SG&A expenses was driven by an 8 percent increase in advertising and media expense.

**Interest, net** for the first quarter of fiscal 2011 totaled \$90 million, a \$2 million decrease from the same period of fiscal 2010. Average interest bearing instruments decreased \$157 million leading to a \$3 million decrease in net interest, while average interest rates increased 10 basis points generating a \$1 million increase in net interest due to a shift from short-term floating rate debt to long-term fixed rate debt versus the same period last year.

The **effective tax rate** for the first quarter of fiscal 2011 was 33.3 percent compared to 33.8 percent for the first quarter of fiscal 2010. The 0.5 percentage point decrease was primarily due to increased benefits from the domestic manufacturing deduction.

**After-tax earnings from joint ventures** increased to \$26 million compared to \$24 million in the same quarter last fiscal year. In the first quarter of fiscal 2011, net sales for Cereal Partners Worldwide (CPW) increased 1 percent due primarily to 2 percentage points of volume growth and 1 percentage point of net price realization and mix, partially offset by 2 points of unfavorable foreign exchange. Net sales for our Häagen-Dazs joint venture in Japan declined 1 percent, mainly due to a 5 percentage point decline from net price realization and mix, and a 4 percentage point decline in volume, offset by 8 percentage points of favorable foreign exchange.

**Average diluted shares outstanding** decreased by 1 million in the first quarter of fiscal 2011 from the same period a year ago due primarily to share repurchases, offset by the issuance of common stock due to stock option exercises.

**Net earnings attributable to General Mills** were \$472 million in the first quarter of fiscal 2011, up 12 percent from \$421 million last year. **Diluted EPS** was \$0.70 in the first quarter of fiscal 2011, up 13 percent from \$0.62 last year. These results include the effects from the mark-to-market valuation of certain commodity positions and grain inventories. Diluted EPS excluding this item affecting comparability, a non-GAAP measure used for management reporting and incentive compensation purposes, was \$0.64 in the first quarter of fiscal 2011, equal to the first quarter of fiscal 2010 (see the “Non-GAAP Measures” section below for our use of this measure and our discussion of the items affecting comparability).

## SEGMENT OPERATING RESULTS

### U.S. Retail Segment Results

Net sales for our U.S. Retail operations grew 2 percent in the first quarter of fiscal 2011 to \$2,447 million, with volume contributing 1 percentage point of growth and net price realization and mix also contributing 1 percentage point of growth.

### U.S. Retail Net Sales Percentage Change by Division

	<u>Quarter Ended</u> <u>Aug. 29,</u> <u>2010</u>
Big G	4 %
Meals	3
Pillsbury	(3)
Yoplait	4
Snacks	5
Baking Products	(6)
Small Planet Foods	15
<b>Total</b>	<b>2 %</b>

During the first quarter of fiscal 2011, net sales for Big G cereals grew 4 percent driven by *Multigrain Cheerios*, *Fiber One*, *Cinnamon Toast Crunch* and new product sales of *Chocolate Cheerios* and *Wheaties Fuel*. Meals division net sales increased 3 percent mainly from gains in *Green Giant* frozen vegetables, *Old El Paso* Mexican products, and *Wanchai Ferry* and *Macaroni Grill* frozen entrees. Pillsbury net sales declined 3 percent due to a decrease in *Pillsbury* refrigerated cookie dough, partially offset by gains on *Totino's* pizza and hot snacks, and introductory sales of *Sweet Moments* refrigerated ready-to-eat desserts. Net sales for Yoplait grew 4 percent, led by *Yoplait Light*, *Yoplait* Greek style yogurt, introductory sales of *Yoplait Splitz* layered yogurt, and *Yoplait* Original four-packs. Snacks net sales grew 5 percent, driven by introductory sales of new grain snack bars and several fruit snack varieties. Net sales for Baking Products declined 6 percent, reflecting unfavorable net price realization, partially offset by *Betty Crocker* cake and frostings, introductory sales of gluten-free *Bisquick* and Supreme cake mix varieties. Small Planet Food's net sales were up 15 percent, reflecting performance of *Cascadian Farm* cereals and granola bars, and *Lärabar* fruit and nut energy bars.

Segment operating profit decreased 3 percent to \$615 million in the first quarter of fiscal 2011 versus the same period a year ago driven by \$54 million of unfavorable supply chain costs and a 6 percent increase in advertising and media expenses, partially offset by \$18 million of favorable net price realization and mix and \$14 million of volume growth.

#### International Segment Results

Net sales for our International segment of \$660 million were flat in the first quarter of fiscal 2011 compared to fiscal 2010. Volume contributed 4 percentage points of growth, offset by 4 percentage points of unfavorable foreign currency exchange.

#### **International Net Sales Percentage Change by Geographic Region**

	<b>Quarter Ended</b>
	<b>Aug. 29,</b>
	<b>2010</b>
Europe	(2) %
Canada	6
Asia/Pacific	11
Latin America	(19)
Total	Flat

For the first quarter of fiscal 2011, net sales in Europe declined 2 percent driven by unfavorable foreign exchange, partially offset by gains on *Häagen-Dazs* in France and Germany, *Old El Paso* in France and Spain, and *Nature Valley* in the United Kingdom. Net sales in Canada increased 6 percent due to volume increases in cereals, and favorable foreign currency exchange. In the Asia/Pacific region, net sales grew 11 percent due to growth from *Häagen-Dazs* shops and *Wanchai Ferry* products in China, and introductory sales of *Nature Valley* in Australia. Latin America net sales decreased 19 percent due to unfavorable foreign exchange, partially offset by gains on *La Salteña* in Argentina.

Segment operating profit declined 1 percent to \$62 million in the first quarter of fiscal 2011, including a 17 percent increase in advertising and media expenses.

#### Bakeries and Foodservice Segment Results

Net sales for our Bakeries and Foodservice segment of \$427 million were flat in the first quarter of fiscal 2011 compared to fiscal 2010. Volume contributed 3 percentage points of growth, including a 2 percentage point reduction from a divested product line. Net price realization and mix drove a 3 percentage point decrease, primarily from price declines indexed to wheat markets.

#### **Bakeries and Foodservice Net Sales Percentage Change by Customer Segment**

	<b>Quarter Ended</b>
	<b>Aug. 29,</b>
	<b>2010</b>
Foodservice Distributors	1 %
Convenience Stores	15
Bakeries and National Restaurant Accounts	(3)
Total	Flat

Segment operating profit for the first quarter of fiscal 2011 was \$72 million, up from \$65 million in the first quarter of fiscal 2010, primarily due to volume growth.

#### UNALLOCATED CORPORATE ITEMS

Unallocated corporate items totaled \$12 million of income in the first quarter of fiscal 2011 compared to \$70 million of expense in the same period in fiscal 2010. In the first quarter of fiscal 2011 we recorded a \$72 million net increase in income related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a \$15 million net increase in expense in the first quarter of fiscal 2010.

#### LIQUIDITY

During the quarter ended August 29, 2010, our operations generated \$178 million of cash compared to \$275 million in the same period last year, mainly reflecting changes in current assets and liabilities, including a \$100 million change in prepaid expenses and other current assets, primarily due to market fluctuations in grain contracts.

Cash used by investing activities during the first quarter of fiscal 2011, was \$120 million, a \$3 million increase over the same period in fiscal 2010. We invested \$133 million in land, buildings, and equipment in the first quarter of fiscal 2011, an increase of \$6 million over the prior year.

Cash used by financing activities decreased \$143 million during the quarter ended August 29, 2010, over the same period a year ago. We issued \$698 million more notes payable and long-term debt in the first quarter of fiscal 2011 than the first quarter fiscal 2010. We also used \$554 million more cash to repurchase shares than the same period last year. In addition, we paid \$184 million of dividends in the first quarter of fiscal 2011, \$28 million more than the prior year.

#### CAPITAL RESOURCES

Our capital structure was as follows:

<b>In Millions</b>	<b>Aug. 29, 2010</b>	<b>May 30, 2010</b>
Notes payable	\$ 1,349.8	\$ 1,050.1
Current portion of long-term debt	107.3	107.3
Long-term debt	5,771.6	5,268.5
Total debt	7,228.7	6,425.9
Noncontrolling interests	246.6	245.1
Stockholders' equity	5,124.8	5,402.9
Total capital	<b>\$ 12,600.1</b>	<b>\$ 12,073.9</b>

To ensure availability of funds, we maintain bank credit lines sufficient to cover our outstanding short-term borrowings. Commercial paper is a continuing source of short-term financing. We issue commercial paper in the United States and Europe. Our commercial paper borrowings are supported by \$2.9 billion of fee-paid committed credit lines, consisting of a \$1.8 billion facility expiring in October 2012 and a \$1.1 billion facility expiring in October 2010. As of August 29, 2010, we did not have any outstanding borrowings under these credit lines. We also have \$278.9 million in uncommitted credit lines that support our foreign operations.

In June 2010, we issued \$500.0 million aggregate principal amount of 5.4 percent notes due 2040. The proceeds of these notes were used to repay a portion of our outstanding commercial paper. Interest on these notes is payable semi-annually in arrears. These notes may be redeemed at our option at any time for a specified make whole amount. These notes are senior unsecured, unsubordinated obligations that include a change of control repurchase provision.



In May 2010, we paid \$437.0 million to repurchase in a cash tender offer \$400.0 million of our previously issued debt. We repurchased \$220.8 million of our 6.0 percent notes due 2012 and \$179.2 million of our 5.65 percent notes due 2012. We issued commercial paper to fund the repurchase.

Our credit facilities and certain of our long-term debt and noncontrolling interests agreements contain restrictive covenants. As of August 29, 2010, we were in compliance with all of these covenants.

We have \$107.3 million of long-term debt maturing in the next 12 months that is classified as current. We believe that cash flows from operations, together with available short- and long-term debt financing, will be adequate to meet our liquidity and capital needs for at least the next 12 months.

We have an effective shelf registration statement on file with the Securities and Exchange Commission (SEC) covering the sale of debt securities. The shelf registration statement will expire in December 2011.

#### OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of our business in our contractual obligations or off-balance sheet arrangements during the first quarter of fiscal 2011. During the first quarter of fiscal 2011, we provided a \$20 million guarantee on behalf of Cereal Partners Worldwide to support capital expenditures.

#### SIGNIFICANT ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010. The accounting policies used in preparing our interim fiscal 2011 Consolidated Financial Statements are the same as those described in our Form 10-K, except as discussed in Notes 2, 15 and 16 to our Consolidated Financial Statements included in this Form 10-Q.

Our significant accounting estimates are those that have meaningful impact on the reporting of our financial condition and results of operations. These estimates include our accounting for promotional expenditures, intangible assets, stock compensation, income taxes, and defined benefit pension, other postretirement, and postemployment benefits. The assumptions and methodologies used in the determination of those estimates as of August 29, 2010, are the same as those described in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

There have been no accounting pronouncements recently issued that will affect our Consolidated Financial Statements.

#### NON-GAAP MEASURES

We have included in this report measures of financial performance that are not defined by GAAP. Each of the measures is used in reporting to our executive management and as a component of the Board of Director's measurement of our performance for incentive compensation purposes. Management and the Board of Directors believe that these measures provide useful information to investors, and include these measures in other communications to investors.

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

### ***Total Segment Operating Profit***

Management and the Board of Directors believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate segment performance. A reconciliation of this measure to operating profit, the relevant GAAP measure, is included in Note 15 to the Consolidated Financial Statements in this report.

### ***Diluted EPS Excluding Certain Items Affecting Comparability***

Management and the Board of Directors believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate earnings performance on a comparable year-over-year basis. The adjustments are either items resulting from infrequently occurring events or items that, in management's judgment, significantly affect the year-over-year assessment of operating results.

The reconciliation of diluted EPS excluding certain items affecting comparability to diluted EPS, the relevant GAAP measure, follows:

<b>Per Share Data</b>	<b>Quarter Ended</b>	
	<b>Aug. 29, 2010</b>	<b>Aug. 30, 2009</b>
Diluted earnings per share, as reported	\$ 0.70	\$ 0.62
Mark-to-market effects (a)	(0.06)	0.02
<b>Diluted earnings per share, excluding certain items affecting comparability</b>	<b>\$ 0.64</b>	<b>\$ 0.64</b>

(a) Net (gain) loss from mark-to-market valuation of certain commodity positions and grain inventories.

### **GLOSSARY**

**AOCI.** Accumulated other comprehensive income (loss).

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

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

**Goodwill.** The difference between the purchase price of acquired companies and the related fair values of net assets acquired.

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

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

**LIBOR.** London Interbank Offered Rate.

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

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

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

**Noncontrolling interests.** Interests of subsidiaries held by third parties.

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

**OCI.** Other Comprehensive Income.

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

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

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

**Working Capital.** Current assets and current liabilities, all as of the last day of our reporting period.

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

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

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

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

Our future results could be affected by a variety of factors, such as: competitive dynamics in the consumer foods industry and the markets for our products, including new product introductions, advertising activities, pricing actions, and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets; changes in capital structure; changes in laws and regulations, including labeling and advertising regulations; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of significant accounting estimates; product quality and safety issues, including recalls and product liability; changes in consumer demand for our products; effectiveness of advertising, marketing, and promotional programs; changes in consumer behavior, trends, and preferences, including weight loss trends; consumer perception of health-related issues, including obesity; consolidation in the retail environment; changes in purchasing and inventory levels of significant customers; fluctuations in the cost and availability of supply chain resources, including raw materials, packaging, and energy; disruptions or inefficiencies in the supply chain; volatility in the market value of derivatives used to manage price risk for certain commodities; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure of our information

technology systems; resolution of uncertain income tax matters; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war.

You should also consider the risk factors that we identify on pages 9 through 14 of our Annual Report on Form 10-K for the fiscal year ended May 30, 2010, and in Item 1A of Part II of this report, which could also affect our future results.

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

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The estimated maximum potential value-at-risk arising from a one-day loss in fair value for our interest rate and commodity market-risk-sensitive instruments outstanding as of August 29, 2010, was \$27 million and \$5 million, respectively. The \$1 million decrease in interest rate value-at-risk during the three-month period ended August 29, 2010, was due to decreased interest rate market volatility in fiscal 2011. The commodity value-at-risk was flat compared to May 30, 2010. For additional information, see Item 7A of our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

### Item 4. Controls and Procedures.

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of August 29, 2010, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our fiscal quarter ended August 29, 2010, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1A. Risk Factors.

Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 30, 2010 presents risk factors that may adversely affect our business, financial condition, and results of operations. Those risk factors are supplemented by the following risk factor:

#### **An unfavorable resolution of the dispute concerning our *Yoplait* trademark license could adversely affect our business.**

We market our *Yoplait* yogurt in the United States according to the terms of a Manufacturing and Distribution License Agreement (Yoplait License Agreement) with Sodima, a French dairy company. Over the past several months, Sodima has expressed to us its desire to renegotiate the Yoplait License Agreement, seeking more lucrative terms. On September 3, 2010, we received a letter from Sodima purporting to terminate the Yoplait License Agreement effective two years from now, on September 9, 2012. On September 6, 2010, we filed a petition for arbitration, as provided for by the dispute resolution provisions of the Yoplait License Agreement, to preserve and enforce our rights under the Yoplait License Agreement.

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

On May 3, 2010, our Board of Directors approved a two-for-one stock split to be effected in the form of a 100 percent stock dividend to stockholders of record on May 28, 2010. The Company's stockholders received one additional share of common stock for each share of common stock in their possession on that date. The additional shares were distributed on June 8, 2010. This did not change the proportionate interest that a stockholder maintained in the Company. All shares and per share amounts set forth in this report have been adjusted for the two-for-one stock split.

The following table sets forth information with respect to shares of our common stock that we purchased during the fiscal quarter ended August 29, 2010:

<b>Period</b>	<b>Total Number of Shares Purchased (a)</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of a Publicly Announced Program (b)</b>	<b>Maximum Number of Shares that may yet be Purchased Under the Program (b)</b>
May 31, 2010- June 27, 2010	13,298,571	\$ 37.60	13,298,571	(c)
June 28, 2010- July 25, 2010	5,241,912	35.93	5,241,912	94,758,088
July 26, 2010- August 29, 2010	2,840,700	35.21	2,840,700	91,917,388
<b>Total</b>	<b>21,381,183</b>	<b>\$ 36.87</b>	<b>21,381,183</b>	<b>91,917,388</b>

- (a) These shares were purchased in the open market.
- (b) On June 28, 2010, our Board of Directors approved and we announced an authorization for the repurchase of up to 100,000,000 shares of our common stock. Purchases can be made in the open market or in privately negotiated transactions, including the use of call options and other derivative instruments, Rule 10b5-1 trading plans, and accelerated repurchase programs. The Board did not specify an expiration date for the authorization.
- (c) Purchases made prior to June 28, 2010 were made pursuant to an authorization adopted by our Board of Directors on December 11, 2006, and that authorization was terminated on June 28, 2010.

Item 6. Exhibits.

- 10.1 1998 Senior Management Stock Plan.
- 10.2 2001 Compensation Plan for Non-Employee Directors.
- 10.3 2003 Stock Compensation Plan.
- 10.4 2005 Stock Compensation Plan.
- 10.5 2006 Compensation Plan for Non-Employee Directors.
- 10.6 2007 Stock Compensation Plan.
- 10.7 2009 Stock Compensation Plan.
- 10.8 Executive Incentive Plan.
- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101 Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended August 29, 2010, formatted in Extensible Business Reporting Language: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Earnings, (iii) the Consolidated Statements of Total Equity and Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements.

SIGNATURES

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

GENERAL MILLS, INC.

\_\_\_\_\_  
(Registrant)

Date September 22, 2010

/s/ Roderick A. Palmore

\_\_\_\_\_  
Roderick A. Palmore  
Executive Vice President,  
General Counsel and Secretary

Date September 22, 2010

/s/ Richard O. Lund

\_\_\_\_\_  
Richard O. Lund  
Vice President, Controller  
(Principal Accounting Officer)

## Exhibit Index

Exhibit No.	Description
10.1	1998 Senior Management Stock Plan.
10.2	2001 Compensation Plan for Non-Employee Directors.
10.3	2003 Stock Compensation Plan.
10.4	2005 Stock Compensation Plan.
10.5	2006 Compensation Plan for Non-Employee Directors.
10.6	2007 Stock Compensation Plan.
10.7	2009 Stock Compensation Plan.
10.8	Executive Incentive Plan.
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## GENERAL MILLS, INC.

## 1998 SENIOR MANAGEMENT STOCK PLAN

## 1. PURPOSE OF THE PLAN

The purpose of the General Mills, Inc. 1998 Senior Management Stock Plan (the "Plan") is to attract and retain able employees by rewarding employees of General Mills, Inc., its subsidiaries and affiliates (defined as entities in which General Mills, Inc. has a significant equity or other interest) (collectively, the "Company") who are responsible for the growth and sound development of the business of the Company, and to align the interests of employees with those of the stockholders of the Company.

## 2. EFFECTIVE DATE AND DURATION OF PLAN

This Plan shall become effective as of September 28, 1998, subject to the approval of the stockholders of the Company at the Annual Meeting on September 28, 1998. No Awards were made under the Plan after September 22, 2003.

## 3. ELIGIBLE PERSONS

Only persons who are employees of the Company shall be eligible to receive grants of Stock Options (defined below) under the Plan. The Compensation Committee of the Company's Board of Directors (the "Committee") shall administer the Plan, in accordance with Section 12, and shall exercise the power to determine and designate, from time to time, from among the employees, those who will be granted Stock Options under the Plan and become "Participants" in the Plan.

## 4. AWARD TYPE

Under this Plan, the Committee may award Participants options ("Stock Options") to purchase common stock of the Company (\$.10 par value) ("Common Stock"). The grant of a Stock Option entitles the Participant to purchase a fixed number of shares of Common Stock at an "Exercise Price" established by the Committee. The Exercise Price for each share of Common Stock issuable under a Stock Option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant. "Fair Market Value" shall equal the closing price of the Common Stock on the New York Stock Exchange on the date of grant.

## 5. STOCK OPTION TERM AND TYPE

Stock Options granted under the Plan may be either Non-Qualified Stock Options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the "Code") or Incentive Stock Options described in Section 422(b) of the Code. The term of any Stock Option granted under the Plan shall be determined by the Committee, provided that the term of a Non-Qualified Stock Option shall not exceed 10 years and one month and the term of an Incentive Stock Option shall not exceed 10 years. The maximum number of shares that may be issued by Incentive Stock Options granted under the Plan is 15,000,000.

## 6. COMMON STOCK SUBJECT TO THE PLAN

a) Maximum Shares Available for Delivery. Subject to Section 6(c), the maximum number of shares of Common Stock available for issuance to Participants under the Plan shall be equal to the sum of:

- (i) 12,600,000;

- (ii) 2,400,000, being the number of shares of Common Stock still available for grants under the Company's 1993 Stock Option and Long-Term Incentive Plan as of the effective date of this Plan; and
- (iii) any shares of Common Stock subject to Stock Options granted under any prior stockholder – approved plan of the Company adopted prior to the effective date of this Plan which are forfeited, expire or are cancelled without the delivery of Common Stock.

In addition, any Common Stock covered by a Stock Option granted under the Plan, which is forfeited, cancelled or expires in whole or in part shall be deemed not to be delivered for purposes of determining the maximum number of shares of Common Stock available for grants under the Plan.

Further, if any Stock Option is exercised by tendering Common Stock, either actually or by attestation, to the Company as full or partial payment in connection with the exercise of the Stock Option under the Plan, only the number of shares of Common Stock issued net of the Common Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares available for grants under the Plan.

- b) Other Share Limits. The number of shares of Common Stock subject to Stock Options granted under the Plan to any one Participant shall not exceed 5,000,000.
- c) Adjustments for Corporate Transactions. If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to an account; and, if applicable, (iv) the exercise price of outstanding Options; provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transactions. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option under this paragraph shall be made in a manner that will not result in a new grant of an Option under Code Section 409A.
- d) Limits on Distribution. Distribution of shares of Common Stock or other amounts under the Plan shall be subject to the following:
  - (i) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
  - (ii) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- e) The Committee, in its discretion, may require as a condition to the grant of Stock Options, the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such grants, if such deposit is not made or maintained during the required holding period. Such shares of deposited Common Stock may not be otherwise sold, pledged or disposed of during the applicable holding period or restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option shall be restricted in any manner.

## 7. EXERCISE OF STOCK OPTIONS

- a) Exercise. Except as provided in Sections 10 and 11 (Change of Control and Termination of Employment), each Stock Option may be exercised only in accordance with the terms and conditions of the Stock Option grant and during the periods as may be established by the Committee, and only after three years of the Participant's continued employment with the Company following the date of the Stock Option grant.

A Participant exercising a Stock Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company.

- b) Payment. The Exercise Price shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:

- (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
- (ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation); or
- (iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

- c) Deferrals. Prior to January 1, 2005, the Committee may permit or require Participants to defer receipt of any Common Stock issuable upon exercise of a Stock Option, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Common Stock equivalents. Stock option gains may not be deferred after December 31, 2004.

## 8. TRANSFERABILITY OF STOCK OPTIONS

Except as otherwise provided by rules of the Committee, no Stock Options shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative.

## 9. TAXES

Whenever the Company issues Common Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state or local tax withholding requirements prior to the delivery of such Common Stock, or, in the discretion of the Committee, upon the election of the Participant, the Company may withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements.

## 10. CHANGE OF CONTROL

Each outstanding Stock Option shall become immediately and fully exercisable for a period of one (1) year following the date of the following occurrences, each constituting a "Change of Control":

- a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the

1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Voting Securities; or

- b) Individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least of a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- c) The approval by the shareholders of the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Business Combination") or, if consummation of such Business Combination is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

After such one (1) year period the normal Stock Option exercise provisions of the Plan shall govern. Notwithstanding any other provision of the Plan, but subject to Section 5, in the event a Participant's employment with the Company is terminated within two (2) years of any of the events specified in (a), (b), (c) or (d), all outstanding Stock Options of such Participant at that date of termination shall be exercisable for a period of six (6) months beginning on the date of termination.

With respect to Stock Option grants outstanding as of the date of any such Change of Control which require the deposit of owned Common Stock as a condition to obtaining rights, the deposit requirement shall be terminated as of the date of the Change of Control and any such deposited stock shall be promptly returned to the Participant.

## 11. TERMINATION OF EMPLOYMENT

- a) Resignation or Termination for Cause. If the Participant's employment by the Company is terminated by either
- (i) the voluntary resignation of the Participant, or
  - (ii) a Company discharge due to Participant's illegal activities, poor work performance, misconduct or violation of the Company's policies or practices,

then Participant's Stock Options shall terminate three months after such termination (but in no event beyond the original full term of the Stock Options) and no Stock Options shall become exercisable after such termination.

- b) Other Termination. If the Participant's employment by the Company terminates for any reason other than specified in Sections 10, 11 (a), (c), (d) or (e), the following rules shall apply:
- (i) In the event that, at the time of such termination, the sum of the Participant's age and service with the Company equals or exceeds 70, the Participant's outstanding Stock Options shall continue to become exercisable in accordance with the schedules established at the time of grant. Stock Options shall remain exercisable for the remaining full term of such Stock Options.
  - (ii) In the event that, at the time of such termination, the sum of Participant's age and service with the Company is less than 70, Participant's outstanding unexercisable Stock Options shall become exercisable as of the date of termination, in a pro-rata amount based on the full months of employment completed during the full vesting period from the date of grant to the date of termination with such newly-vested Stock Options and Stock Options exercisable on the date of termination remaining exercisable for the lesser of one year from the date of termination and the original full term of the Stock Option. All other Stock Options shall be forfeited as of the date of termination. Provided, however, that if the Participant is an executive officer of the Company, the Participant's outstanding Stock Options which, as of the date of termination are not yet exercisable, shall become exercisable effective as of the date of such termination and, with all outstanding Stock Options already exercisable on the date of termination, shall remain exercisable for the lesser of one year following the date of termination and the original full term of the Stock Option.
- c) Death. If a Participant dies while employed by the Company, any Stock Option previously granted under this Plan may be exercised by the person(s) authorized in accordance with Section 12(e) of this Plan. Any outstanding Stock Options granted on or after June 1, 2002, which, as of the date of death, are not yet exercisable, shall fully vest and together with all other previously vested outstanding Stock Options shall be exercisable upon a Participant's death for the remaining full term of the Options. Any outstanding Stock Options granted prior to June 1, 2002 shall vest and become exercisable in a pro-rata amount, based on the full months of employment completed during the full vesting period of the Stock Options from the date of grant to the date of death for the remaining full term of the Options.
- d) Retirement. The Committee shall determine, at the time of grant, the treatment of the Stock Option upon the retirement of the Participant. Unless other terms are specified in the original Stock Option grant, if the termination of employment is due to a Participant's retirement on or after age 55, the Participant may exercise a Stock Option, subject to the original terms and conditions of the Stock Option.
- e) Spin-offs. If the termination of employment is due to the cessation, transfer, or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the treatment of all outstanding Stock Options under the Plan.

## 12. ADMINISTRATION OF THE PLAN

- a) Administration. The authority to control and manage the operations and administration of the Plan shall be vested in Committee in accordance with this Section 12.
- b) Selection of Committee. The Committee shall be selected by the Board, and shall consist of two or more members of the Board.
- c) Powers of Committee. The authority to manage and control the operations and administration of the Plan shall be vested in the Committee, subject to the following:
  - (i) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the eligible Company employees those persons who shall receive Stock Options, to determine the time or times of receipt, to determine the types of grants (including status as Non-Qualified or Incentive Stock Options) and the number of shares covered by the grants, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such grants, and (subject to the restrictions imposed by Section 13) to cancel or suspend grants. In making such determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant.
  - (ii) The Committee will have the authority and discretion to establish terms and conditions of awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
  - (iii) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.
- d) Delegation by Committee. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- e) Designation of Beneficiary. Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award which under the terms of the Plan and the relevant Award Agreement may become exercisable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any payments under the Plan to such beneficiaries shall be made in equal shares designated by the Participant.

## 13. AMENDMENTS OF THE PLAN

The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board of Directors, where required, the Committee may at any time terminate, amend, or suspend the operation of the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders of the Company which would:

- (i) materially increase the number of shares which may be issued under the Plan;
- (ii) permit granting of Stock Options at less than Fair Market Value;
- (iii) except as provided in Section 6, permit the repricing of outstanding Stock Options; and
- (iv) amend the maximum shares set forth in Section 6(b) which may be annually granted as Stock Options to any single Participant.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Stock Option without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

#### 14. FOREIGN JURISDICTIONS

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Stock Options under the Plan.

#### 15. NOTICE

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, Minnesota 55426  
Attention: Corporate Compensation

GENERAL MILLS, INC.  
2001 COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

### 1. PURPOSE

The purpose of the General Mills, Inc. 2001 Compensation Plan for Non-Employee Directors (the "Plan") is to provide a compensation program which will attract and retain qualified individuals not employed by General Mills, Inc. or its subsidiaries (the "Company") to serve on the Board of Directors of the Company (the "Board") and to further align the interests of non-employee directors with those of the stockholders by providing that a portion of compensation will be linked directly to increases in stockholder value.

### 2. EFFECTIVE DATE, DURATION OF PLAN

This Plan shall become effective as of September 24, 2001, subject to the approval of the Plan by the stockholders. The Plan will terminate on September 30, 2006 or such earlier date as determined by the Board or the Compensation Committee of the Board (the "Committee"); provided that no such termination shall affect rights earned or accrued under the Plan prior to the date of termination.

### 3. PARTICIPATION

Each member of the Board who is not an employee of the Company at the date compensation is earned or accrued shall be eligible to participate in the Plan unless prohibited from participating by the terms of their employment.

### 4. COMMON STOCK SUBJECT TO THE PLAN

a) General. The common stock to be issued under this Plan is Company common stock ("Common Stock") (\$.10 par value) to be made available from the authorized but unissued Common Stock, shares of Common Stock held in the treasury, or Common Stock purchased on the open market or otherwise. Subject to the provisions of the next succeeding paragraphs, the maximum aggregate number of shares authorized to be issued under the Plan shall be 700,000.

If any Option (defined below) is exercised by tendering Common Stock, either actually or by attestation, to the Company as full or partial payment in connection with the exercise of an Option under the Plan, only the number of shares of Common Stock issued net of the Common Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares available for grants under the Plan. Upon forfeiture or termination of Stock Units prior to vesting, the shares of Common Stock subject thereto shall again be available for awards under the Plan.

b) Adjustments for Corporate Transactions. If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to an account; and, if applicable, (iv) the exercise price of outstanding Options; provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transactions. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option under this paragraph shall be made in a manner that will not result in a new grant of an Option under Code Section 409A.

### 5. ANNUAL RETAINER

a) General. Each non-employee director shall be entitled to receive an annual retainer as shall be determined from time to time by the Board. Each non-employee director of the Company shall elect by written notice to the Company on or before each annual stockholders' meeting how he or she shall participate in the compensation alternative provisions of the Plan. Any combination of the alternatives — Cash, Deferred Cash and/or Common Stock — may be elected, provided the aggregate of the alternatives elected equals one hundred percent of the non-employee director's



compensation at the time of the election. The election shall remain in effect for a one-year period which shall begin the day of the annual stockholders' meeting and terminate the day before the succeeding annual stockholders' meeting (hereinafter "Plan Year"). The Plan Year shall include four plan quarters (hereinafter "Plan Quarters"). Plan quarters shall correspond to the Company's fiscal quarters. A director elected to the Board at a time other than the annual stockholders' meeting may elect, by written notice to the Company before such director's first attendance at a Board meeting, to participate in the compensation alternatives for the remainder of that Plan Year, and elections for succeeding years shall be on the same basis as other directors. Periodically, the Company shall supply to each participant an account statement of participation under the Plan.

b) Cash Alternative. Each non-employee director who elects to receive cash compensation under the Plan shall be paid all or the specified percentage of his or her compensation for the Plan Year in cash, and such cash payment shall be made as of the end of each Plan Quarter. If a participant dies during a Plan Year, the balance of the amount due to the date of the participant's death shall be payable in full to such participant's designated beneficiary, or, if none, the estate as soon as practicable following the date of death.

c) Deferred Cash Alternative.

- (i) Each non-employee director may elect to have all or a specified percentage of his or her compensation for the Plan Year deferred until the participant ceases to be a director.
- (ii) For each director who has made this deferred cash election, the Company shall establish a deferred compensation account for the compensation due. Interest shall be credited to each such account based on the rate earned by the fund or funds selected by the participant from among funds or portfolios established under the General Mills, Inc. Savings Plan or any other qualified benefit plan maintained by the Company which the Minor Amendment Committee, or its delegate, in its discretion, may from time to time establish.
- (iii) Distribution of the participant's deferred compensation account shall be at the time, and in the form of payment, elected by the participant at the time of deferral. The distribution date may be any date that is at least one year subsequent to the date of deferral of such compensation, but the distribution must be made or commenced by the later of (i) the date the participant attains age 70 and (ii) five years after the director's retirement from the Board.

A participant may elect to have the deferred compensation account distributed in a single payment or in substantially equal annual installments for a period not to exceed ten (10) years, or in another form requested by the Participant, in writing, and approved by the Committee.

- (iv) In the event of the termination of a participant from Board service other than by retirement, the Committee may in its sole discretion require that distribution of all amounts allocated to a participant's deferred compensation account be accelerated and distributed as of the first business day of the calendar year next following termination.
- (v) The Company has established a Supplemental Benefits Trust with Wells Fargo Bank Minnesota, N.A. as Trustee to hold assets of the Company under certain circumstances as a reserve for the discharge of the Company's obligations as to deferred cash compensation under the Plan and certain other of deferred compensation plans of the Company. In the event of a Change in Control as defined in Section 11 below, the Company shall be obligated to immediately contribute such amounts to the Trust as may be necessary to fully fund all cash benefits payable under the Plan. Any participant of the Plan shall have the right to demand and secure specific performance of this provision. All assets held in the Trust remain subject only to the claims of the Company's general creditors whose claims against the Company are not satisfied because of the Company's bankruptcy or insolvency (as those terms are defined in the Trust Agreement). No participant has any preferred claim on, or beneficial ownership interest in, any assets of the Trust before the assets are paid to the participant and all rights created under the Trust, as under the Plan, are unsecured contractual claims of the participant against the Company.

d) GMI Common Stock Alternative. Each participant may elect to receive all or a specified percentage of his or her compensation in shares of Common Stock, which will be issued at the end of each Plan Quarter. The Company shall ensure that an adequate number of shares of Common Stock are available for distribution to those participants making this election. Only whole numbers of shares will be issued, with any fractional share amounts paid in cash. For purposes of computing the number of shares earned each Plan Quarter, the value of each share shall be equal to the mean of the high and low price of shares of Common Stock on the New York Stock Exchange on the third Business Day preceding the last day of each Plan Quarter. For the purposes of this Plan, "Business Day" shall mean a day on which the New York Stock Exchange is open for trading. If a participant dies during a Plan Year, the balance of the amount due to the date of the participant's death shall be payable in full to the participant's designated beneficiary, or, if none, to the participant's estate, in cash, as soon as practicable following the date of death.

## 6. NON-QUALIFIED STOCK OPTIONS

a) Grant of Options. Each non-employee director on the effective date of the Plan (or, if first elected after the effective date of the Plan, on the date the non-employee director first attends a Board meeting) shall be awarded an option (an "Option") to purchase 10,000 shares of Common Stock. As of the close of business on each successive annual stockholders' meeting date after the date of the original award, each non-employee director re-elected to the Board shall be granted an additional Option to purchase 10,000 shares of Common Stock. All Options granted under the Plan shall be non-statutory options not entitled to special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended.

b) Option Exercise Price. The per share price to be paid by the non-employee director at the time an Option is exercised shall be 100% of the Fair Market Value of the Common Stock on the date of grant. "Fair Market Value" shall equal the closing price for the Common Stock on the New York Stock Exchange on the relevant date or, if the New York Stock Exchange is closed on that date, on the last preceding date on which the Exchange was open for trading.

c) Term of Option. Each Option shall expire ten (10) years from the date of grant.

d) Exercise and Vesting of Option. Each Option will vest on the date of the annual stockholders' meeting next following the date the Option is granted. If, for any reason, a non-employee director ceases to serve on the Board prior to the date an Option vests, such Option shall be forfeited and all further rights of the non-employee director to or with respect to such Option shall terminate. If a participant should die during his or her term of service on the Board, any vested Option may be exercised by the person(s) designated under the terms of Section 11(e) of this Plan, and for Options granted on or after June 1, 2002, any unvested Options shall fully vest and become exercisable upon death. For Options granted prior to June 1, 2002, any unvested Options shall vest and become exercisable upon death in a proportionate amount, based on the full months of service completed during the vesting period of the Option from the date of grant to the date of death.

e) Method of Exercise and Tax Obligations. A participant exercising an Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company. The exercise price shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:

- (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
- (ii) through the tender of shares of Common Stock owned by the participant (by either actual delivery or attestation); or
- (iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise. The Company may also require payment of the amount of any federal, state or local withholding tax attributable to the exercise of an Option or the delivery of shares of Common Stock.

f) Non-transferability. Except as provided by rule adopted by the Committee, an Option shall be non-assignable and non-transferable by a non-employee director other than by will or the laws of descent and distribution. A non-employee director shall forfeit any Option assigned or transferred, voluntarily or involuntarily, other than as permitted under this subsection.

## 7. DEFERRAL OF STOCK OPTION GAINS

Under the Plan, Participants may defer receipt of the net shares of Common Stock to be issued upon the stock-for-stock exercise of an Option issued hereunder, as well as dividend equivalents on the net shares.

a) Option Gain Deferral Election. A participant can elect to defer receipt of Net Shares (defined below) of Common Stock resulting from a stock-for-stock exercise of an exercisable Option issued to the participant by completing and submitting to the Company an irrevocable stock option deferral election at least six months in advance of exercising the Option (which exercise must be done on or prior to the expiration of the Option) and, on or prior to the exercise date, delivering personally-owned shares equal in value to the Option exercise price on the date of the exercise. "Net Shares" means the difference between the number of shares of Common Stock subject to the Option exercise and the number of shares of Common Stock delivered to satisfy the Option exercise price. A participant may not revoke an Option gain deferral election after it is received by the Company. A participant may choose to defer receipt of all or only a portion of the Net Shares to be received upon exercise of an Option. If only a portion of the Net Shares is deferred, the balance will be issued at the time of exercise.

b) Distribution of Deferred Common Stock. At the time of a participant's election to defer receipt of Common Stock issuable upon an Option exercise or upon the award of Stock Units, as provided in Section 8(a), a participant must also select a distribution date and a form of distribution. The distribution date may be any date that is at least one year subsequent to either the exercise date for the related Option or the date of grant in the case of Stock Units granted under Section 8(a) but the distribution must be made or commenced by the later of (i) the date the participant attains age 70 and (ii) five years after the date of the director's retirement from the Board.

A participant may elect to have deferred Common Stock distributed in a single payment or in substantially equal annual installments for a period not to exceed ten (10) years, or in another form requested by the Participant, in writing, and approved by the Committee. In the absence of an election, Common Stock issued in respect of Stock Units shall be distributed in ten substantially equal annual installments beginning on January 1 of each year following the year in which the participant ceases to be a director. Common Stock issuable under a single Option grant or pursuant to a single grant under Section 8(a) shall have the same distribution date and form of distribution. Notwithstanding the above, the following provisions shall apply:

- (i) If an Option as to which a participant has made an Option gain deferral election terminates prior to the exercise date selected by the participant, or if the participant dies or fails to deliver personally-owned shares in payment of the exercise price, then the deferral election shall not become effective.
- (ii) In the event of the termination of a participant from Board service other than by retirement, the Committee may, in its sole discretion, require that distribution of all Stock Units allocated to a participant's Deferred Stock Unit Accounts (as defined in Section 7(c)(i) below) be accelerated and distributed as of the first business day of the calendar year next following the date of termination.
- (iii) At the time elected by the participant for distribution of Common Stock attributable to allocations under the participant's Deferred Stock Unit Accounts, the Company shall cause to be issued to the Participant, within three (3) days of the date of distribution, shares of Common Stock equal to the number of Stock Units credited to the Deferred Stock Unit Account and cash equal to any dividend equivalent amounts which had not been used to "purchase" additional Stock Units as provided below. Prior to distribution and pursuant to any rules the Committee may adopt, a Participant may authorize the Company to withhold a portion of the shares of Common Stock to be distributed for the payment of all federal, state, local and foreign withholding taxes required to be collected in respect of the distribution.

### c) Deferred Stock Unit Accounts and Dividend Equivalents.

- (i) A deferred stock unit account ("Deferred Stock Unit Account") will be established for each Option grant covered by a participant election to defer the receipt of Common Stock under Section 7(a) above and, for each Net Share deferred, a Stock Unit will be credited to the Deferred Stock Unit

Account as of the date of the Option exercise. A Deferred Stock Unit Account will also be established each time a participant receives Stock Units pursuant to Section 8(a) hereof. Participants may make an election to receive dividend equivalents on Stock Units in cash or reinvest such amount, and any change to such election shall become effective six months after the date of the change. If the amounts are reinvested, on each dividend payment date for the Company's Common Stock, the Company will credit each Deferred Stock Unit Account with an amount equal to the dividends paid by the Company on the number of shares of Common Stock equal to the number of Stock Units in the Deferred Stock Unit Account. Dividend equivalent amounts credited to each Deferred Stock Unit Account shall be used to "purchase" additional Stock Units for the Deferred Stock Unit Account at a price equal to the mean of the high and low price of the Common Stock on the New York Stock Exchange on the dividend date. The Committee may, in its sole discretion, direct either that all dividend equivalent amounts be paid currently or all such amounts be reinvested if, for any reason, such Committee believes it is in the best interest of the Company to do so. If the participant fails to make an election, the dividend equivalent amounts shall be reinvested. Periodically, each participant will receive a statement of the number of Stock Units in his or her Deferred Stock Unit Account(s).

- (ii) Participants who elect under the Plan to defer the receipt of Common Stock issuable upon the exercise of Options or elect to receive Stock Units under Section 8(a) below will have no rights as stockholders of the Company with respect to allocations made to their Deferred Stock Unit Account(s), except the right to receive dividend equivalent allocations under Section 7(c)(i) above. Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed.

## 8. STOCK UNITS

a) Awards. On the effective date of the Plan (or, if a non-employee director is first elected after the effective date of the Plan, on the date the non-employee director first attends a Board meeting) and at the close of business on each successive annual stockholders' meeting date, each non-employee director shall be awarded the right to receive one thousand (1,000) shares of Common Stock on a deferred basis ("Stock Units"), subject to vesting as provided in Section 8(b). The maximum aggregate number of shares authorized to be issued under the Plan upon vesting of Stock Unit awards shall be 80,000. Only non-employee directors re-elected to the Board shall be entitled to a grant under this Section 8(a) of Stock Units awarded at the close of business on an annual meeting date after the date of the original grant to the non-employee directors.

b) Vesting of and Restrictions on Stock Units. A participant's interest in the Stock Units shall vest on the date of the annual stockholders' meeting next following the date of the award of the Stock Units (the "Restricted Period"). If, for any reason, a non-employee director ceases to serve on the Board prior to the date the non-employee director's interest in a grant of Stock Units vests, such Stock Units shall be forfeited and all further rights of the non-employee director to or with respect to such Stock Units shall terminate. A participant who dies prior to the vesting of Stock Units granted on or after June 1, 2002 shall fully vest in such Stock Units, effective as of the date of death. A participant who dies prior to the vesting of Stock Units granted prior to June 1, 2002 shall vest in a proportionate number of shares of Stock Units, based on the full months of service completed during the vesting period of the Stock Units from the date of grant to the date of death. Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed until such time as share certificates for Common Stock are issued to the participants.

c) Distribution of Stock Units. Each participant receiving an award of Stock Units under Section 8(a) above must select a date of distribution and form of distribution as provided under Section 7(b) above. The participant may also elect to have dividend equivalents payable on Stock Units paid currently or reinvested in Stock Units as provided under Section 7(c)(i).

d) Other Terms and Conditions. The Company may require payment of the amount of any federal, state or local withholding tax attributable to the constructive or actual delivery of shares of Common Stock pursuant to the terms of this Agreement.

## 9. GENERAL PROVISIONS FOR DEFERRED CASH, OPTION GAINS AND STOCK UNITS

The following provisions shall apply to the deferral of cash compensation described in Section 5(c) hereof, the deferral of receipt of Common Stock issued upon exercise of Options described in Section 7 hereof and the treatment of Stock Units granted under Section 8 hereof.

a) A participant may, at any time prior or subsequent to the commencement of benefit payments or distribution of Common Stock in respect of Stock Units under this Plan, elect in writing to have his or her form of distribution under this Plan changed to an immediate single distribution which shall be made within one (1) business day of receipt by the Company of such request in the case of deferred cash and three (3) business days in the case of Common Stock; provided that the cash amount or number of shares of Common Stock subject to such single distribution shall be reduced by an amount or number of shares of Common Stock equal to the product of (X), the rate set forth in Statistical Release H.15(519), or any successor publication, as published by the Board of Governors of the Federal Reserve System for one-year U.S. Treasury notes under the heading "Treasury Constant Maturities" for the first day of the calendar month in which the request for a single sum distribution is received by the Company and (Y) either (i) as to a cash distribution, the total single sum distribution otherwise payable (based on the value of the account as of the first day of the month in which the single sum amount is paid, adjusted by a pro-rata portion of the specified rate of return for the prior month in which the single sum is paid, determined by multiplying the actual rate of return for such prior month by a fraction, the numerator of which is the number of days in the month in which the request is received prior to the date of payment, and the denominator of which is the number of days in the month), or (ii) as to a distribution of Common Stock in respect of Stock Units, the number of Stock Units held on behalf of the participant multiplied by the mean of the high and low price of shares of Common Stock on the New York Stock Exchange on the date of the request or, if the date of the request is not a Business Day, on the Business Day preceding the date of the request.

b) In the event of a severe financial hardship occasioned by an emergency, including, but not limited to, illness, disability or personal injury sustained by the participant or a member of the participant's immediate family, a participant may apply to receive a distribution, including a distribution of Common Stock in respect of Stock Units, earlier than initially elected. The Committee may, in its sole discretion, either approve or deny the request. The determination made by the Committee will be final and binding on all parties. If the request is granted, the distributions will be accelerated only to the extent reasonably necessary to alleviate the financial hardship.

c) If the death of a participant occurs before a full distribution of deferred cash amounts or Common Stock in respect of Stock Units is made, a single distribution shall be made to the beneficiary designated by the participant under the terms of Section 11(e) of this Plan to receive such amounts. This distribution shall be made as soon as practical following notification that death has occurred. In the absence of any such designation, the distribution shall be made to the personal representative, executor or administrator of the participant's estate.

d) As to all previous and future Plan years, and subject to the last sentence of the first paragraph of Section 7(b) hereof, a participant who is not within twelve (12) months of the date that such deferred amount, deferred Common Stock or the first installment thereof would be distributed under this Plan, shall be permitted to make no more than two amendments to the initial election to defer distributions such that his or her distribution date is either in the same calendar year as the date of the distribution which would have been made in the absence of such election amendment(s) or is at least one year after the date of the distribution which would have been made in the absence of such election amendment(s). A participant satisfying the conditions set forth in the preceding sentence may also amend such election so that his or her form of distribution is changed to substantially equal annual installments for a period not to exceed ten (10) years or is changed to a single distribution.

e) Notwithstanding any other provision of this Plan to the contrary, the Committee, by majority approval, may, in its sole discretion, direct that distributions be made before such distributions are otherwise due if, for any reason (including, but not limited to, a change in the tax or revenue laws of the United States of America, a published ruling or similar announcement issued by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury or his or her delegate, or a decision by a court of competent jurisdiction involving a participant or beneficiary), it believes that a participant or beneficiary has recognized or will recognize income for federal income tax purposes with respect to distributions that are or will be payable to such participants under the Plan before they are paid to him. In making this determination, the Committee shall take into account the hardship that would be imposed on the participant or beneficiary by the payment of federal income taxes under such circumstances.

## 10. CHANGE OF CONTROL

Options granted under the Plan will become immediately exercisable, and Common Stock and dividend equivalents to be issued in respect of Stock Units will be immediately distributed upon the occurrence of a “Change of Control” as defined in Section 11.

## 11. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have full power to interpret the Plan, formulate additional details and regulations for carrying out the Plan and amend or modify the Plan as from time to time it deems proper and in the best interests of the Company, including amending the Plan to increase or decrease the size of annual Option or Stock Unit grants made to non-employee directors, provided that after a “Change of Control” no amendment, modification of or action to terminate the Plan may be made which would affect compensation earned or accrued prior to such amendment, modification or termination without the written consent of a majority of participants determined as of the day before a “Change of Control.” Any decision or interpretation adopted by the Committee shall be final and conclusive. A “Change of Control” means:

a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (1), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (3) below; and provided, further, that if any Person’s beneficial ownership of the Outstanding Company Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Company Voting Securities; or

b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

c) The approval by the shareholders of the Company of a reorganization, merger, consolidation, sale or other disposition of all or substantially all of the assets of the Company (“Business Combination”) or, if consummation of such Business Combination is subject, at the time of such approval by shareholders, to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business combination of the Outstanding Company Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

e) Designation of Beneficiary. Each Participant who has deferred cash amounts, Options or Common Stock in respect of Stock Units under the Plan may designate a beneficiary or beneficiaries to exercise any Option or to receive any payment which under the terms of the Plan may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any Options shall be divided among beneficiaries equally, and any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant has expressly designated otherwise, in which case such Options shall be divided, and the payments shall be made, in the portions designated by the Participant.

## 12. GOVERNING LAW

The validity, construction and effect of the Plan and any such actions taken under or relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law.

## 13. NOTICES

Unless otherwise notified, all notices under this Plan shall be sent in writing to the Company, attention Corporate Compensation, P.O. Box 1113, Minneapolis, Minnesota 55440. All correspondence to the participants shall be sent to the address which is their recorded address as listed on the election forms.

### **409A Appendix**

Notwithstanding any other provision of the Plan to the contrary, the following terms and provisions apply to the Plan, its operations and Participants, effective as of January 1, 2005 with respect to amounts subject to Code §409A. Capitalized terms have the meaning given to them either in the main body of the Plan document or as defined in this Appendix. Provisions of the Plan not otherwise dealt with in this Appendix continue to apply and be in effect, to the extent not inconsistent with Code §409A.

**Paragraph 1. Purpose.** The purpose and intent of this 409A Appendix is to amend the terms of the Plan to comply with §409A of the Internal Revenue Code and the rules and regulations issued pursuant thereto with respect to amounts subject to §409A. To the extent that such requirements are applicable, this Plan is intended to comply with the requirements of §409A and shall be interpreted and administered in accordance with that intent. If any provision of the Plan or this Appendix would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under §409A, each payment under this Plan shall be treated as a separate payment of compensation for purposes of applying the §409A deferral election rules and the exclusion from §409A for certain "short-term deferral" amounts. Certain awards made under this Plan which were earned and vested (within the meaning of §409A) before January 1, 2005 are intended to be grandfathered from §409A and remain governed by federal tax law applicable to deferred compensation as it existed in effect prior to §409A. Accordingly, changes to the Plan after October 3, 2004 shall not modify the rights of Participants with respect to deferred amounts that were earned and vested on or before December 31, 2004. It is further intended that no "material modification" be made to the Plan, as that term is used in Treasury Regulations governing §409A, whether by this amendment or otherwise.

**Paragraph 2. Retainers.** Participants may elect the method in which retainers are paid (lump sum vs. installments), whether such retainers are paid in the form of cash or shares of Common Stock, and the timing of such payment (i.e., immediate upon vesting or deferred) by filing an irrevocable Election Form with the Company before the calendar year in which a Plan Year begins. Such election shall be made in conformance with Paragraph 5, below and will apply to amounts earned during a Plan Year. Retainers become vested, and are paid at the end of each of the Company's fiscal quarters. In the absence of an affirmative election to the contrary, retainers (or the portion not subject to such election) shall be paid 10 business days following the last day of each fiscal quarter. Notwithstanding the foregoing, in the first year in which a non-employee director becomes eligible to participate in the Plan, an election may be made with respect

to compensation for services to be performed subsequent to the election, to the extent permitted under §409A. Such an election must be made on an Election Form within 30 days after the date the non-employee director first becomes eligible to participate in the Plan.

For each Participant who affirmatively elects to defer receipt of his or her retainers, the Company shall establish a separate account (a "Deferred Retainer Account") and credit such deferred compensation into that Account as of the date the amounts would otherwise be paid. A separate Deferred Retainer Account shall be established for each Plan Year a Participant makes such a deferral election.

Each Participant may affirmatively elect to receive all or a specified percentage of his or her retainers for a Plan Year in shares of Common Stock, which, if elected, will be issued 10 business days following the last day for each quarterly period during the Plan Year, or the distribution date chosen on the Election Form, as applicable. Only whole numbers of shares will be issued, with any fractional share amounts paid in cash. For purposes of computing the number of shares earned each quarter during the Plan Year, the value of each share shall be equal to the Fair Market Value on the third Business Day preceding the last day of each quarterly period during the Plan Year. For the purposes of this Plan, "Business Day" shall mean a day on which the New York Stock Exchange is open for trading.

**Paragraph 3. No Further Option Gain Deferrals.** Stock option gains may not be deferred after December 31, 2004. Accounts credited with such gains prior to January 1, 2005 are "grandfathered" and subject to the same rules and terms in effect under the Plan at that time.

**Paragraph 4. Stock Units.** Each Participant receiving an award of Stock Units may elect the time and form (whether or not to defer receipt, and lump sum vs. installments) of distribution of Common Stock attributable to such Stock Units, pursuant to the terms of Paragraph 5. A separate Stock Unit Account shall be established for each Plan Year a Participant makes such a deferral election. If no affirmative election is made, all Stock Units shall be paid in shares of Common Stock 10 days following vesting.

The Participant may also elect to have dividend equivalents payable on Stock Units paid currently in cash or reinvested in Stock Units. If the amounts are reinvested, on each dividend payment date for the Common Stock, the Company will credit each Stock Unit Account with an amount equal to the dividends that would have been paid had the Stock Units been actual shares of Common Stock, which shall be used to "purchase" additional Stock Units at a price equal to the Fair Market Value on the dividend date. Such additional Stock Units shall be distributed at the same time and in the same form as the rest of the Stock Unit Account balance. If the Participant fails to make an election, the dividend equivalent amounts shall be paid in cash currently.

In order to make an election under this Paragraph 4 with respect to Stock Units awarded for a Plan Year, a Participant shall file an irrevocable Election Form with the Company before the calendar year in which the Plan Year begins. Notwithstanding the foregoing, in the first year in which a non-employee director becomes eligible to participate in the Plan, an election may be made with respect to compensation for services to be performed subsequent to the election, to the extent permitted under §409A. Such an election must be made on an Election Form within 30 days after the date the non-employee director first becomes eligible to participate in the Plan.

**Paragraph 5. Distributions.** Section 9 of the main Plan document is nullified and inoperative, as of January 1, 2005 with respect to amounts subject to §409A. The following distribution provisions shall apply to Deferred Retainer Accounts and Stock Unit Accounts:

(a) **Timing.** Distributions from Deferred Retainer Accounts shall normally commence at Separation from Service, however, a Participant may affirmatively elect a specified date for commencement, provided said date is not later than the Participant's 70<sup>th</sup> birthday. The same rule applies to Stock Units which have been deferred beyond their vesting period. An election as to the timing of payment commencement shall be made in accordance with Paragraphs 2 and 4.

Notwithstanding the above or any other provision of this Plan, distributions may not be made to a Key Employee upon a Separation from Service before the date which is six months after the date of the Key Employee's Separation from Service (or, if earlier, the date of death of the Key Employee). Any payments that would otherwise be made during this period of delay shall be accumulated and paid on the first day of the seventh month following the Participant's Separation from Service (or, if earlier, the first day of the month after the Participant's death).



(b) Form of Distribution. Distributions shall normally be made in a lump sum. However, a Participant may affirmatively elect to receive substantially equal annual installments over a period of up to 10 years. Such elections shall be made in accordance with Paragraphs 2 and 4.

(c) Manner of Distribution. Amounts credited to Deferred Retainer Accounts shall be paid in cash or in Common Stock, as elected by a Participant on an Election Form. Amounts credited to Stock Unit Accounts shall be paid in Common Stock based on the number of Stock Units credited to the Stock Unit Account and paid in cash equal to any dividend equivalent amounts which had not been used to “purchase” additional Stock Units.

(d) Distribution Upon Death. Notwithstanding any elections by a Participant or provisions of the Plan to the contrary, if a Participant dies before full distribution of a Deferred Retainer Account or Stock Unit Account, such accounts shall be distributed to the Participant’s estate in a lump sum 60 days following the date of death.

(e) Permitted Payment Delay To Avoid Violations of Law. Notwithstanding any provision of this Plan to the contrary, any distribution to a Participant under the Plan shall be delayed upon the Committee’s reasonable anticipation that the making of the payment would violate Federal securities laws or other applicable law; provided, that any payment delayed pursuant to this Paragraph 5(e) shall ultimately be paid in accordance with §409A.

(f) Payment Acceleration. Generally, payments may not be accelerated. However, if amounts deferred under the Plan must be included in a Participant’s income under §409A prior to the scheduled distribution of such amounts, distribution of such amount shall be made immediately to the Participant.

**Paragraph 6. Change of Control.** Notwithstanding any elections by a Participant or provisions of the Plan to the contrary (e.g., Section 10 of the main Plan document), upon the occurrence of a Change of Control, all Options and Stock Units shall fully and immediately vest, and shall be exercisable or paid pursuant to the terms of the Plan that are otherwise applicable. If the Change of Control is also a “change in control” as defined under Code §409A(a)(2)(A)(v) and official guidance thereunder, all Stock Unit Accounts shall be distributed in a single payment 30 days following such Change of Control.

**Paragraph 7. Plan Termination.** Upon termination of the Plan, distribution of Deferred Retainer Accounts and Stock Unit Accounts shall be made as described in Paragraph 5, unless the Committee determines in its sole discretion that all such amounts shall be distributed upon plan termination in accordance with the requirements under Code §409A. Upon termination of the Plan, no further deferrals of retainers, Stock Units or dividend equivalent amounts shall be permitted; however, earnings, gains and losses shall continue to be credited to the Deferred Retainer Account balances until the Deferred Retainer Account balances are fully distributed.

**Paragraph 8. Definitions.** As used in this Appendix the following terms have the meanings set forth below:

“Election Form” means a written form provided by the Committee pursuant to which a Participant may elect the form and timing of distributions with respect to his or her retainer, Stock Units and dividend equivalents under the Plan.

“Fair Market Value” means the average of the intraday high and low price of the national market composite price of the Common Stock on the applicable date. Notwithstanding this definition, effective January 1, 2007, “Fair Market Value” means the closing price on the New York Stock Exchange of the Common Stock on the applicable date.

“Key Employee” means a Participant treated as a “specified employee” as of his Separation from Service under Code §409A(a)(2)(B)(i), i.e., a key employee (as defined in Code §416(i) without regard to paragraph (5) thereof) of the Company or its affiliates if the Company’s or its affiliate’s stock is publicly traded on an established securities market or otherwise. Key Employees shall be determined in accordance with Code §409A using a December 31 identification date. A listing of Key Employees as of an identification date shall be effective for the 12-month period beginning on the April 1 following the identification date.

“Plan Years” means the one-year Board terms, beginning the day of each annual stockholders’ meeting and ending the day before the succeeding annual stockholders’ meeting.

“Separation from Service” or “Separate from Service” means a “separation from service” within the meaning of Code §409A.

## GENERAL MILLS, INC.

## 2003 STOCK COMPENSATION PLAN

## 1. PURPOSE OF THE PLAN

The purpose of the General Mills, Inc. 2003 Stock Compensation Plan (the "Plan") is to attract and retain able individuals by rewarding employees of General Mills, Inc., its subsidiaries and affiliates (defined as entities in which General Mills, Inc. has a significant equity or other interest) (collectively, the "Company") and to align the interests of employees with those of the stockholders of the Company.

## 2. EFFECTIVE DATE AND DURATION OF PLAN

This Plan shall become effective as of October 1, 2003, subject to the approval of the stockholders of the Company at the Annual Meeting on September 22, 2003. Awards may be made under the Plan until December 31, 2005.

## 3. ELIGIBLE PERSONS

Only persons who are employees of the Company shall be eligible to receive grants of Stock Options, Restricted Stock, Restricted Stock Units or Recognition Awards (each defined below) and become "Participants" under the Plan. The Compensation Committee of the Company's Board of Directors (the "Committee") shall exercise the discretionary power to determine from time to time the employees of the Company who are eligible to participate in this Plan.

## 4. AWARD TYPES

- (a) Stock Option Awards. Under this Plan, the Committee may award Participants options ("Stock Options") to purchase common stock of the Company (\$.10 par value) ("Common Stock"). The grant of a Stock Option entitles the Participant to purchase a fixed number of shares of Common Stock at an "Exercise Price" established by the Committee.
- (b) Stock Option Exercise Price. The Exercise Price for each share of Common Stock issuable under a Stock Option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant, and may exceed the Fair Market Value on the grant date, at the Committee's discretion. "Fair Market Value" shall equal the closing price of the Common Stock on the New York Stock Exchange on the date of grant.
- (c) Restricted Stock Awards. The Committee may also grant Participants shares of Common Stock or the right to receive shares of Common Stock subject to certain restrictions ("Restricted Stock" or "Restricted Stock Units").
- (d) Recognition Awards. The Committee hereby authorizes the Corporate Secretary to approve and distribute Common Stock to Participants as a bonus or reward, subject to Section 13(d) and Committee ratification of such Awards in accordance with Section 20. No Participant may receive as Recognition Award(s) more than 20 shares in the aggregate, in any calendar year.
- (e) Awards. Stock Options, Restricted Stock, Restricted Stock Units and Recognition Awards, as defined above, are sometimes referred to as "Awards".

To the extent that such requirements are applicable, this Plan is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986 and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the section 409A deferral election rules and the exclusion from section 409A for certain short-term deferral amounts. Certain Awards made under this Plan which were earned and vested (within the meaning of section 409A) before January 1, 2005 are intended to be grandfathered from section 409A and remain governed by federal tax law applicable to deferred compensation as it existed in effect prior to Section 409A. Accordingly, changes to the Plan after October 3, 2004 shall not modify the rights of Participants with respect to

deferred amounts that were earned and vested on or before December 31, 2004. It is further intended that no “material modification” be made to the Plan, as that term is used in Treasury Regulations governing section 409A, whether by this amendment and restatement or otherwise.

## 5. COMMON STOCK SUBJECT TO THE PLAN

- (a) Maximum Shares Available for Delivery. Subject to Section 5(c), the maximum number of shares of Common Stock available for issuance to Participants under the Plan shall be 15,000,000.

In addition, any Common Stock covered by a Stock Option granted under the Plan, which is forfeited, cancelled or expires in whole or in part shall be deemed not to be delivered for purposes of determining the maximum number of shares of Common Stock available for grants under the Plan.

If any Stock Option is exercised by tendering Common Stock, either actually or by attestation, to the Company as full or partial payment in connection with the exercise of the Stock Option under the Plan, or if the tax withholding requirements are satisfied through such tender, only the number of shares of Common Stock issued net of the Common Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares available for grants under the Plan. Upon forfeiture or termination of Restricted Stock or Restricted Stock Units prior to vesting, the shares of Common Stock subject thereto shall again be available for Awards under the Plan.

- (b) Individual Share Limits. The number of shares of Common Stock subject to Stock Options or available for Restricted Stock, Restricted Stock Unit or Recognition Awards granted under the Plan to any single Participant over the duration of the Plan shall not exceed 10 percent of the total number of shares available under the Plan.
- (c) Adjustments for Corporate Transactions. If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to an account; and, if applicable, (iv) the exercise price of outstanding Options; provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transactions. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option under this paragraph shall be made in a manner that will not result in a new grant of an Option under Code Section 409A.
- (d) Limits on Distribution. Distribution of shares of Common Stock or other amounts under the Plan shall be subject to the following:
- (i) The total number of shares of Common Stock that shall be available for Restricted Stock, Restricted Stock Unit and Recognition Awards under the Plan shall be limited to 25% of the total shares authorized for Awards hereunder.
  - (ii) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
  - (iii) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock or Restricted Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- (e) Stock Deposit Requirements and other Restrictions. The Committee, in its discretion, may require as a condition to the grant of Awards, the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such grants, if such deposit is not made or maintained during the required holding period. Such shares of deposited Common Stock may not be otherwise sold or disposed of during the applicable holding period or

restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option shall be restricted in any manner.

## 6. STOCK OPTION TERM AND TYPE

- (a) General. Stock Options granted under the Plan shall be Non-Qualified Stock Options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"). The term of any Stock Option granted under the Plan shall be determined by the Committee, provided that the term of a Stock Option shall not exceed 10 years and one month.
- (b) No Reload Rights. Stock Options granted under this Plan shall not contain any provision entitling the optionee to the automatic grant of additional options in connection with any exercise of the original option.
- (c) No Repricing. Subject to Section 5(c), outstanding Stock Options granted under this Plan shall under no circumstances be repriced.

## 7. GRANT, EXERCISE AND VESTING OF STOCK OPTIONS

- (a) Grant. Subject to the limits otherwise imposed by the terms of this Plan, the Committee has discretionary authority to determine the size of a Stock Option grant, which may be tied to meeting performance-based requirements.
- (b) Exercise. Except as provided in Sections 11 and 12 (Change of Control and Termination of Employment), each Stock Option may be exercised only in accordance with the terms and conditions of the Stock Option grant and during the periods as may be established by the Committee. A Participant exercising a Stock Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company.
- (c) Vesting. Stock Options shall not be exercisable unless vested. Subject to Sections 11 and 12 Stock Options shall be fully vested only after four years of the Participant's continued employment with the Company following the date of the Stock Option grant.
- (d) Payment. The Exercise Price shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:
  - (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
  - (ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation); or
  - (iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

- (e) Deferrals. Prior to January 1, 2005, the Committee may permit or require Participants to defer receipt of any Common Stock issuable upon exercise of a Stock Option, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Common Stock equivalents. Stock Option gains may not be deferred after December 31, 2004.

## 8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

Restricted Stock and Restricted Stock Units may be awarded on either a discretionary or performance-based method.

- (a) Discretionary Awards. With respect to discretionary Awards of Restricted Stock and Restricted Stock Units, the Committee shall:
  - (i) Select Participants to whom Awards will be made;

- (ii) Determine the number of shares of Restricted Stock or the number of Restricted Stock Units to be awarded to a Participant;
  - (iii) Determine the length of the restricted period, which shall be no less than four years;
  - (iv) Determine the purchase price, if any, to be paid by the Participant for Restricted Stock or Restricted Stock Units; and
  - (v) Determine any restrictions other than those set forth in this Section 8.
- (b) Performance-Based Awards. With respect to Awards of performance-based Restricted Stock and Restricted Stock Units, the intent is to grant such Awards so as to satisfy the requirements for “qualified performance-based compensation” under Internal Revenue Code section 162(m). Performance-based Awards are subject to the following:
- (i) The Committee has exclusive authority to determine which Participants may be awarded performance-based Restricted Stock and Restricted Stock Units.
  - (ii) In order for any Participant to be awarded Restricted Stock or Restricted Stock Units for a Performance Period (defined below), the net earnings from continuing operations excluding items identified and disclosed by the Company as non-recurring or special costs and after taxes (“Net Earnings”) of the Company for such Performance Period must be greater than zero.
  - (iii) At the end of the Performance Period, if the Committee determines that the requirement of Section 8(b)(ii) has been met, each Participant eligible for a performance-based Award shall be deemed to have earned an Award equal in value to the Maximum Amount, or such lesser amount as the Committee shall determine in its discretion to be appropriate. The Committee may base this determination of grant size on performance-based criteria and in no case shall this have the effect of increasing an Award payable to any other Participant. For purposes of computing the value of Awards, each Restricted Stock or Restricted Stock Unit shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the date the Award is granted.
  - (iv) In addition to the limitation on the number of shares of Common Stock available for Awards under section 5(b) hereof, in no event shall the total value of the performance-based Restricted Stock or Restricted Stock Unit Award granted to any Participant for any one Performance Period exceed 0.5 percent of the Company’s Net Earnings for that Performance Period (such amount is the “Maximum Amount”).
  - (v) The Committee shall determine the length of the restricted period which, subject to Sections 11 and 12, shall be no less than four years.
  - (vi) “Performance Period” means a fiscal year of the Company, or such other period as the Committee may from time to time establish.

Subject to the restrictions set forth in this Section 8, each Participant who receives Restricted Stock shall have all rights as a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions.

Each Participant who receives Restricted Stock Units shall be eligible to receive, at the expiration of the applicable restricted period, one share of Common Stock for each Restricted Stock Unit awarded, and the Company shall issue to each such Participant that number of shares of Common Stock. Participants who receive Restricted Stock Units shall have no rights as stockholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants; provided, however, that quarterly during the applicable restricted period for all Restricted Stock Units awarded hereunder, the Company shall pay to each such Participant an amount equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock.

The Committee may permit Participants to defer receipt of any Common Stock issuable upon the lapse of any restriction of Restricted Stock or Restricted Stock Units, subject to such rules and procedures as it may establish. In particular, the

Committee shall establish rules relating to such deferrals intended to comply with the requirements of Code section 409A, including without limitation, the time when a deferral election can be made, the period of the deferral, and the events that would result in payment of the deferred amount.

#### 9. TRANSFERABILITY OF AWARDS

Except as otherwise provided by rules of the Committee, no Stock Options shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative. Except as otherwise provided in Section 8, no shares of Restricted Stock and no Restricted Stock Units shall be sold, exchanged, transferred, pledged or otherwise disposed of during the restricted period.

#### 10. TAXES

Whenever the Company issues Common Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state or local tax withholding requirements prior to the delivery of such Common Stock, or, in the discretion of the Committee, upon the election of the Participant, the Company may withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements.

#### 11. CHANGE OF CONTROL

Each outstanding Stock Option shall become immediately and fully exercisable for a period of one (1) year following the date of the following occurrences, each constituting a "Change of Control":

- (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Voting Securities; or
- (b) Individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least of a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (c) The approval by the shareholders of the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Business Combination") or, if consummation of such Business Combination is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the

Outstanding Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

- (d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

After such one (1) year period the normal Stock Option exercise provisions of the Plan shall govern. Notwithstanding any other provision of the Plan, but subject to Section 6, in the event a Participant's employment with the Company is terminated within two (2) years of any of the events specified in (a), (b), (c) or (d), all outstanding Stock Options of such Participant at that date of termination shall be exercisable for a period of six (6) months beginning on the date of termination.

With respect to Stock Option grants outstanding as of the date of any such Change of Control which require the deposit of owned Common Stock as a condition to obtaining rights, the deposit requirement shall be terminated as of the date of the Change of Control.

In the event of a Change of Control, a Participant shall fully vest in all shares of Restricted Stock and Restricted Stock Units, effective as of the date of such Change of Control. If the Change of Control constitutes a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Participants' Restricted Stock Units shall be settled upon the Change of Control. If the Change of Control does not constitute a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Restricted Stock Units that are not Section 409A Restricted Stock Units and on which a deferral election was not made shall be settled upon the Change of Control. However, the Section 409A Restricted Stock Units, or Restricted Stock Units for which a proper deferral election was made, shall be settled on the date the original restriction period would have closed, or the date elected pursuant to the proper deferral election, as applicable.

## 12. TERMINATION OF EMPLOYMENT

- (a) Resignation or Termination for Cause. If the Participant's employment by the Company is terminated by either

- (i) the voluntary resignation of the Participant, or
- (ii) a Company discharge due to Participant's illegal activities, poor work performance, misconduct or violation of the Company's Code of Conduct, policies or practices,

then Participant's Stock Options shall terminate three months after such termination (but in no event beyond the original full term of the Stock Options) and no Stock Options shall become exercisable after such termination, and all shares of Restricted Stock and Restricted Stock Units which are subject to restriction and not vested on the date of termination shall be forfeited.

- (b) Other Termination. If the Participant's employment by the Company terminates for any reason other than specified in Sections 11, 12 (a), (c), (d) or (e), the following rules shall apply:

- (i) In the event that, at the time of such termination, the sum of the Participant's age and service with the Company equals or exceeds 70, the Participant's outstanding Stock Options shall continue to become exercisable according to the schedule established at the time of grant unless otherwise provided in the applicable Award agreement, and all shares of Restricted Stock and Restricted Stock Units shall fully vest and be paid (or deferred, as appropriate) immediately. Stock Options shall remain exercisable for the remaining full term of such Stock Options.
- (ii) In the event that, at the time of such termination, the sum of the Participant's age and service with the Company is less than 70, Participant's outstanding unexercisable Stock Options and unvested Restricted Stock and Restricted Stock Units shall become exercisable or vest, as the case may be, and be paid (or deferred, as appropriate) immediately as of the date of termination, in a pro-rata

amount based on the full months of employment completed during the full vesting period from the date of grant to the date of termination with such newly-vested Stock Options and Stock Options exercisable on the date of termination remaining exercisable for the lesser of one year from the date of termination and the original full term of the Stock Option. All other Stock Options, shares of Restricted Stock and Restricted Stock Units shall be forfeited as of the date of termination. Provided, however, that if the Participant is an executive officer of the Company, the Participant's outstanding Stock Options which, as of the date of termination are not yet exercisable, shall become exercisable effective as of the date of such termination and, with all outstanding Stock Options already exercisable on the date of termination, shall remain exercisable for the lesser of one year following the date of termination and the original full term of the Stock Option, and all shares of Restricted Stock and Restricted Stock Units shall fully vest as of the date of termination and be paid (or deferred, as appropriate) immediately.

Notwithstanding the foregoing, any Section 409A Restricted Stock Units that vest under this Section 12(b) shall be paid on the Participant's separation from service (within the meaning of Code section 409A), or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

- (c) Death. If a Participant dies while employed by the Company, any Stock Option previously granted under this Plan shall fully vest and become exercisable upon death and together with all other outstanding Stock Options may be exercised by the person(s) authorized in accordance with Section 13(e) of this Plan. Such Stock Options shall be exercisable for the remaining full term of such Awards.

A Participant who dies while employed by the Company during any applicable restricted period shall fully vest in Awards of Restricted Stock or Restricted Stock Units, effective as of the date of death, and such shares shall be paid to the person(s) designated under the terms of Section 13(e) of this Plan.

- (d) Retirement. The Committee shall determine, at the time of grant, the treatment of the Stock Options, Restricted Stock and Restricted Stock Units upon the retirement of the Participant. Unless other terms are specified in the original Grant, if the termination of employment is due to a Participant's retirement on or after age 55, the Participant may exercise a Stock Option, subject to the original terms and conditions of the Stock Option, and shall fully vest in and be paid or have deferred, all shares of Restricted Stock or Restricted Stock Units effective as of the date of retirement (unless any such Award specifically provides otherwise). However, the Restricted Stock Units without a proper deferral election that vest under this Section 12(d) shall be payable on the Participant's separation from service (within the meaning of Code section 409A) or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

A Restricted Stock Unit that could vest upon retirement under this Section 12(d) at any time within the Award's restricted period shall be referred to as a "Section 409A Restricted Stock Unit".

- (e) Spin-offs. If the termination of employment is due to the cessation, transfer, or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the treatment of all outstanding Awards under the Plan. Such treatment will be consistent with Code section 409A, and in particular will take into account whether a separation from service has occurred within the meaning of section 409A.

### 13. ADMINISTRATION OF THE PLAN

- (a) Administration. The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section 13.
- (b) Selection of Committee. The Committee shall be selected by the Board, and shall consist of two or more members of the Board.
- (c) Powers of Committee. The authority to manage and control the operations and administration of the Plan shall be vested in the Committee, subject to the following:



- (i) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the eligible Company employees those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 14) to cancel or suspend Awards. In making such determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant.
  - (ii) The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
  - (iii) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.
- (d) Delegation by Committee. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- (e) Designation of Beneficiary. Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or to receive any payment which under the terms of the Plan and the relevant Award Agreement may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any Stock Options shall be divided among beneficiaries equally, and any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant has expressly designated otherwise, in which case Stock Options shall be divided, and the payments shall be made, in the portions designated by the Participant.

#### 14. AMENDMENTS OF THE PLAN

The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board of Directors, where required, the Committee may at any time terminate, amend, or suspend the operation of the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders which would:

- (a) except as provided in Section 5(c) materially increase the number of shares which may be issued under the 2003 Plan;
- (b) permit granting of Stock Options at less than Fair Market Value;
- (c) except as provided in Section 5(c), permit the repricing of outstanding Stock Options; or
- (d) amend the maximum shares set forth in Section 5(b) which may be granted to any single Participant.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Award without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

15. FOREIGN JURISDICTIONS

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

16. NON-ALIENATION OF RIGHTS AND BENEFITS

Subject to Section 9, no right or benefit under the Plan shall be subject to alienation, sale, assignment, pledge, or encumbrance and any attempt to do so shall be void. No right or benefit under the Plan be subject to the debts, contacts, liabilities or torts of the person entitled to such rights or benefits.

17. LIMITATION OF LIABILITY OR OBLIGATION OF THE COMPANY.

Nothing in the Plan shall be construed:

- (a) to give any employee of the Company any right to be granted any Award other than at the sole discretion of the Plan Committee;
- (b) to give any Participant any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;
- (c) to limit in any way the right of the Company or any Subsidiary to terminate, change or modify, with or without cause, the employment of any Participant at any time; or
- (d) to be evidence of any agreement or understanding, express or implied, that the company or any Subsidiary will employ any Participant in any particular position at any particular rate of compensation or for any particular period of time.

Payments and other benefits received by a Participant under an Award shall not be deemed part of a Participant's regular, recurring compensation for purposes of any termination, indemnity or severance pay laws and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or any Subsidiary, unless expressly so provided by such other plan, contract or arrangement.

18. NO LOANS

The Company shall not lend money to any Participant to finance a transaction under this Plan.

19. NOTICES

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, Minnesota 55426  
Attention: Corporate Compensation

20. RECOGNITION AWARDS

The Committee hereby authorizes the distribution of up to 10,000 shares of Common Stock as Recognition Awards in any calendar year during the duration of the Plan. A Company officer may identify employees of the Company who have made special contributions to the business and/or performance of the Company and request that the Corporate Secretary deliver Recognition Awards to such Participants in recognition of such contributions. Each year, the Committee shall review the grants of Recognition Awards made in the prior year. Recognition Award shares may be fully vested upon grant or subject to such vesting conditions as the Committee may authorize.

**GENERAL MILLS, INC.  
2005 STOCK COMPENSATION PLAN**

**1. PURPOSE OF THE PLAN**

The purpose of the General Mills, Inc. 2005 Stock Compensation Plan (the "Plan") is to attract and retain able individuals by rewarding employees of General Mills, Inc., its subsidiaries and affiliates (defined as entities in which General Mills, Inc. has a significant equity or other interest) (collectively, the "Company") and to align the interests of employees with those of the stockholders of the Company.

**2. EFFECTIVE DATE AND DURATION OF PLAN**

This Plan shall become effective as of September 26, 2005, subject to the approval of the stockholders of the Company at the Annual Meeting on September 26, 2005. Awards may be made under the Plan until December 31, 2007.

**3. ELIGIBLE PERSONS**

Only persons who are employees of the Company shall be eligible to receive grants of Stock Options, Restricted Stock or Restricted Stock Units (each defined below) and become "Participants" under the Plan. The Compensation Committee of the Company's Board of Directors (the "Committee") shall exercise the discretionary power to determine from time to time the employees of the Company who are eligible to participate in this Plan.

**4. AWARD TYPES**

- (a) **Stock Option Awards.** Under this Plan, the Committee may award Participants options ("Stock Options") to purchase common stock of the Company (\$.10 par value) ("Common Stock"). The grant of a Stock Option entitles the Participant to purchase a fixed number of shares of Common Stock at an "Exercise Price" established by the Committee.
- (b) **Stock Option Exercise Price.** The Exercise Price for each share of Common Stock issuable under a Stock Option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant, and may exceed the Fair Market Value on the grant date, at the Committee's discretion. "Fair Market Value" shall equal the closing price of the Common Stock on the New York Stock Exchange on the applicable date.
- (c) **Restricted Stock Awards.** The Committee may also grant Participants shares of Common Stock or the right to receive shares of Common Stock subject to certain restrictions ("Restricted Stock" or "Restricted Stock Units") (Stock Options, Restricted Stock and Restricted Stock Units are sometimes referred to as "Awards").

**5. COMMON STOCK SUBJECT TO THE PLAN**

- (a) **Maximum Shares Available for Delivery.** Subject to Section 5(c), the maximum number of shares of Common Stock available for issuance to Participants under the Plan shall be 15,000,000. The Company will repurchase a number of shares of Common Stock at least equal to the number of shares of Common Stock issued under this Plan.

In addition, any Common Stock covered by a Stock Option granted under the Plan which is forfeited prior to the end of the vesting period shall be deemed not to be delivered for purposes of determining the maximum number of shares of Common Stock available for grants under the Plan. If (i) any Stock Option that is exercised through the delivery of Common Stock in satisfaction of the exercise price, and (ii) withholding tax requirements arising upon exercise of any Stock Option are satisfied through the withholding of Common Stock otherwise deliverable in connection with such exercise, the full number of shares of Common Stock underlying any such Stock Option that is exercised shall count against the maximum number of shares available for grants under the Plan.

Upon forfeiture or termination of Restricted Stock or Restricted Stock Units prior to vesting, the shares of Common Stock subject thereto shall again be available for Awards under the Plan.

- (b) **Individual Share Limits.** The number of shares of Common Stock subject to Stock Options or available for Restricted Stock or Restricted Stock Unit Awards granted under the Plan to any single Participant over the duration of the Plan shall not exceed 10% of the original number of shares available under the Plan.

- (c) **Adjustments for Corporate Transactions.** If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to an account; and, if applicable, (iv) the exercise price of outstanding Options; provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property),

recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transactions. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option under this paragraph shall be made in a manner that will not result in a new grant of an Option under Code Section 409A.

- (d) **Limits on Distribution.** Distribution of shares of Common Stock or other amounts under the Plan shall be subject to the following:
- (i) The total number of shares of Common Stock that shall be available for Restricted Stock and Restricted Stock Unit Awards under the Plan shall be limited to 25% of the total shares authorized for Awards hereunder.
  - (ii) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
  - (iii) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock or Restricted Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- (e) **Stock Deposit Requirements and other Restrictions.** The Committee, in its discretion, may require as a condition to the grant of Awards, the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such grants, if such deposit is not made or maintained during the required holding period. Such shares of deposited Common Stock may not be otherwise sold or disposed of during the applicable holding period or restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option shall be restricted in any manner.

## 6. STOCK OPTION TERM AND TYPE

- (a) **General.** Stock Options granted under the Plan shall be Non-Qualified Stock Options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"). The term of any Stock Option granted under the Plan shall be determined by the Committee, provided that the term of a Stock Option shall not exceed 10 years and one month.
- (b) **No Reload Rights.** Stock Options granted under this Plan shall not contain any provision entitling the optionee to the automatic grant of additional options in connection with any exercise of the original option.
- (c) **No Repricing.** Subject to Section 5(c), outstanding Stock Options granted under this Plan shall under no circumstances be repriced.

## 7. GRANT, EXERCISE AND VESTING OF STOCK OPTIONS

- (a) **Grant.** Subject to the limits otherwise imposed by the terms of this Plan, the Committee has discretionary authority to determine the size of a Stock Option grant, which may be tied to meeting performance-based requirements.
- (b) **Exercise.** Except as provided in Sections 11 and 12 (Change of Control and Termination of Employment), each Stock Option may be exercised only in accordance with the terms and conditions of the Stock Option grant and during the periods as may be established by the Committee. A Participant exercising a Stock Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company.
- (c) **Vesting.** Stock Options shall not be exercisable unless vested. Subject to Sections 11 and 12 Stock Options shall be fully vested only after four years of the Participant's continued employment with the Company following the date of the Stock Option grant.
- (d) **Payment.** The Exercise Price shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:
  - (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);

(ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation); or

(iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

8. **RESTRICTED STOCK AND RESTRICTED STOCK UNITS**

Restricted Stock and Restricted Stock Units may be awarded on either a discretionary or performance-based method.

- (a) **Discretionary Awards.** With respect to discretionary Awards of Restricted Stock and Restricted Stock Units, the Committee shall
- (i) Select Participants to whom Awards will be made;
  - (ii) Determine the number of shares of Restricted Stock or the number of Restricted Stock Units to be awarded to a Participant;
  - (iii) Determine the length of the restricted period, which shall be no less than four years;
  - (iv) Determine the purchase price, if any, to be paid by the Participant for Restricted Stock or Restricted Stock Units; and
  - (v) Determine any restrictions other than those set forth in this Section 8.
- (b) **Performance-Based Awards.** With respect to Awards of performance-based Restricted Stock and Restricted Stock Units, the intent is to grant such Awards so as to satisfy the requirements for “qualified performance-based compensation” under Internal Revenue Code section 162(m). Performance-based Awards are subject to the following:
- (i) The Committee has exclusive authority to determine which Participants may be awarded performance-based Restricted Stock and Restricted Stock Units.
  - (ii) In order for any Participant to be awarded Restricted Stock or Restricted Stock Units for a Performance Period (defined below), the net earnings from continuing operations excluding items identified and disclosed by the Company as non-recurring or special costs and after taxes (“Net Earnings”) of the Company for such Performance Period must be greater than zero.
  - (iii) At the end of the Performance Period, if the Committee determines that the requirement of Section 8(b)(ii) has been met, each Participant eligible for a performance-based Award shall be deemed to have earned an Award equal in value to the Maximum Amount, or such lesser amount as the Committee shall determine in its discretion to be appropriate. The Committee may base this determination of grant size on performance-based criteria and in no case shall this have the effect of increasing an Award payable to another Participant. For purposes of computing the value of Awards, each Restricted Stock or Restricted Stock Unit shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the date the Award is granted.
  - (iv) In addition to the limitation on the number of shares of Common Stock available for Awards under section 5(b) hereof, in no event shall the total value of the performance-based Restricted Stock or Restricted Stock Unit Award granted to any Participant for any one Performance Period exceed 0.5% of the Company’s Net Earnings for that Performance Period (such amount is the “Maximum Amount”).
  - (v) The Committee shall determine the length of the restricted period which, subject to Sections 11 and 12, shall be no less than four years.
  - (vi) “Performance Period” means a fiscal year of the Company, or such other period as the Committee may from time to time establish.

Subject to the restrictions set forth in this Section 8, each Participant who receives Restricted Stock shall have all rights as a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions.

Each Participant who receives Restricted Stock Units shall be eligible to receive, at the expiration of the applicable restricted period, one share of Common Stock for each Restricted Stock Unit awarded, and the Company shall issue to each such Participant that number of shares of Common Stock. Participants who receive Restricted Stock Units shall have no rights as stockholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants; provided, however, that quarterly during the applicable restricted period for all Restricted Stock Units awarded hereunder, the Company shall pay to each such Participant an amount equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock.

The Committee may in its discretion permit a Participant to defer receipt of any Common Stock issuable upon the lapse of any restriction of Restricted Stock or Restricted Stock Units, subject to such rules and procedures as it may establish. In particular, the

Committee shall establish rules relating to such deferrals intended to comply with the requirements of Internal Revenue Code §409A, including without limitation, the time when a deferral election can be made, the period of the deferral, and the events that would result in payment of the deferred amount.

9. **TRANSFERABILITY OF AWARDS**

Except as otherwise provided by rules of the Committee, no Stock Options shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative. Except as otherwise provided in Section 8, no shares of Restricted Stock and no Restricted Stock Units shall be sold, exchanged, transferred, pledged or otherwise disposed of during the restricted period.



## 10. TAXES

Whenever the Company issues Common Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state or local tax withholding requirements prior to the delivery of such Common Stock, or the Company may in its discretion withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements.

## 11. CHANGE OF CONTROL

Each outstanding Stock Option shall become immediately and fully exercisable for a period of one (1) year following the date of the following occurrences, each constituting a "Change of Control":

- (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Voting Securities; or
- (b) Individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (c) The approval by the shareholders of the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Business Combination") or, if consummation of such Business Combination is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- (d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

After such one (1) year period the normal Stock Option exercise provisions of the Plan shall govern. Notwithstanding any other provision of the Plan, but subject to Section 6, in the event a Participant's employment with the Company is terminated within two (2) years of any of the events specified in (a), (b), (c) or (d), all outstanding Stock Options of such Participant at that date of termination shall be exercisable for a period of six (6) months beginning on the date of termination.

With respect to Stock Option grants outstanding as of the date of any such Change of Control which require the deposit of owned

Common Stock as a condition to obtaining rights, the deposit requirement shall be terminated as of the date of the Change of Control.

In the event of a Change of Control, a Participant shall fully vest in all shares of Restricted Stock and Restricted Stock Units, effective as of the date of such Change of Control. If the Change of Control constitutes a “change in control” event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Participants’ Restricted Stock Units shall be settled upon

the Change of Control. If the Change of Control does not constitute a “change in control” event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Restricted Stock Units that are not Section 409A Restricted Stock Units and on which a deferral election was not made shall be settled upon the Change of Control. However, the Section 409A Restricted Stock Units, or Restricted Stock Units for which a proper deferral election was made, shall be settled on the date the original restriction period would have closed, or the date elected pursuant to the proper deferral election, as applicable.

## 12. TERMINATION OF EMPLOYMENT

- (a) **Resignation or Termination for Cause.** If the Participant’s employment by the Company is terminated by either
- (i) the voluntary resignation of the Participant, or
  - (ii) a Company discharge due to Participant’s illegal activities, poor work performance, misconduct or violation of the Company’s Code of Conduct, policies or practices,

then Participant’s Stock Options shall terminate three months after such termination (but in no event beyond the original full term of the Stock Options) and no Stock Options shall become exercisable after such termination, and all shares of Restricted Stock and Restricted Stock Units which are subject to restriction and not vested on the date of termination shall be forfeited.

- (b) **Other Termination.** If the Participant’s employment by the Company terminates for any reason other than specified in Sections 11, 12 (a), (c), (d) or (e), the following rules shall apply:
- (i) In the event that, at the time of such termination, the sum of the Participant’s age and service with the Company equals or exceeds 70, the Participant’s outstanding Stock Options shall continue to become exercisable according to the schedule established at the time of grant unless otherwise provided in the applicable Award agreement, and all shares of Restricted Stock and Restricted Stock Units shall fully vest and be paid (or deferred, as appropriate) immediately. Stock Options shall remain exercisable for the remaining full term of such Stock Options.
  - (ii) In the event that, at the time of such termination, the sum of Participant’s age and service with the Company is less than 70, Participant’s outstanding unexercisable Stock Options and unvested Restricted Stock and Restricted Stock Units shall become exercisable or vest, as the case may be, and be paid (or deferred, as appropriate) immediately as of the date of termination, in a pro-rata amount based on the full months of employment completed during the full vesting period from the date of grant to the date of termination with such newly-vested Stock Options and Stock Options exercisable on the date of termination remaining exercisable for the lesser of one year from the date of termination and the original full term of the Stock Option. All other Stock Options, shares of Restricted Stock and Restricted Stock Units shall be forfeited as of the date of termination. Provided, however, that if the Participant is an executive officer of the Company, the Participant’s outstanding Stock Options which, as of the date of termination are not yet exercisable, shall become exercisable effective as of the date of such termination and, with all outstanding Stock Options already exercisable on the date of termination, shall remain exercisable for the lesser of one year following the date of termination and the original full term of the Stock Option, and all shares of Restricted Stock and Restricted Stock Units shall fully vest as of the date of termination and be paid (or deferred, as appropriate) immediately.

Notwithstanding the foregoing, any Section 409A Restricted Stock Units that vest under this Section 12(b) shall be paid on the Participant’s separation from service (within the meaning of Code section 409A), or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

- (c) **Death.** If a Participant dies while employed by the Company, any Stock Option previously granted under this Plan shall fully vest and become exercisable upon death and together with all other outstanding Stock Options may be exercised by the person(s) authorized in accordance with Section 13(f) of this Plan. Such Stock Options shall be exercisable for the remaining full term of such Awards.

A Participant who dies while employed by the Company during any applicable restricted period shall fully vest in Awards of Restricted Stock or Restricted Stock Units, effective as of the date of death, and such shares shall be paid to the person(s) designated under the terms of Section 13(f) of this Plan.

- (d) **Retirement.** The Committee shall determine, at the time of grant, the treatment of the Stock Options, Restricted Stock and Restricted Stock Units upon the retirement of the Participant. Unless other terms are specified in the original Grant, if the termination of employment is due to a Participant’s retirement on or after age 55, the Participant may exercise a Stock Option, subject to the original terms and conditions of the Stock Option and shall fully vest in and be paid or have deferred all shares of

Restricted Stock or Restricted Stock Units effective as of the date of retirement (unless any such Award specifically provides otherwise). However, the Restricted Stock Units without a proper deferral election that vest under this Section 12(d) shall be payable on the Participant's separation from service (within the meaning of Code section 409A) or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

A Restricted Stock Unit that could vest upon retirement under this Section 12(d) at any time within the Award's restricted period shall be referred to as a "Section 409A Restricted Stock Unit."

- (e) **Spin-offs.** If the termination of employment is due to the cessation, transfer, or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the treatment of all outstanding Awards under the Plan. Such treatment shall be consistent with Code section 409A, and in particular will take into account whether a separation from service has occurred within the meaning of section 409A.

### 13. ADMINISTRATION OF THE PLAN

- (a) **Administration.** The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section 13.
- (b) **Selection of Committee.** The Committee shall be selected by the Board, and shall consist of two or more members of the Board.
- (c) **Powers of Committee.** The authority to manage and control the operations and administration of the Plan shall be vested in the Committee, subject to the following:
  - (i) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the eligible Company employees those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 14) to cancel or suspend Awards. In making such determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant.
  - (ii) The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
  - (iii) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.
  - (v) The Plan shall at all times be managed and operated in accordance with applicable laws.
- (d) **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- (e) **Code section 409A.** To the extent that such requirements are applicable, this Plan is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986 and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the section 409A deferral election rules and the exclusion from section 409A for certain short-term deferral amounts.
- (f) **Designation of Beneficiary.** Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or to receive any payment which under the terms of the Plan and the relevant Award Agreement may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any Stock Options shall be divided among beneficiaries equally, and any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant

has expressly designated otherwise, in which case Stock Options shall be divided, and the payments shall be made, in the portions designated by the Participant.

14. **AMENDMENTS OF THE PLAN**

The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board of Directors, where required, the Committee may at any time terminate, amend, or suspend the operation of

the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders which would

- (a) except as provided in Section 5(c), materially increase the number of shares which may be issued under the Plan;
- (b) permit granting of Stock Options at less than Fair Market Value;
- (c) except as provided in Section 5(c), permit the repricing of outstanding Stock Options; or
- (d) amend the maximum shares set forth in Section 5(b) which may be granted to any single Participant.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Award without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

#### 15. **FOREIGN JURISDICTIONS**

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

#### 16. **NON-ALIENATION OF RIGHTS AND BENEFITS**

Subject to Section 9, no right or benefit under the Plan shall be subject to alienation, sale, assignment, pledge, or encumbrance and any attempt to do so shall be void. No right or benefit under the Plan shall be subject to the debts, contracts, liabilities or torts of the person entitled to such rights or benefits.

#### 17. **LIMITATION OF LIABILITY OR OBLIGATION OF THE COMPANY**

Nothing in the Plan shall be construed

- (a) to give any employee of the Company any right to be granted any Award other than at the sole discretion of the Committee;
- (b) to give any Participant any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;
- (c) to limit in any way the right of the Company or any Subsidiary to terminate, change or modify, with or without cause, the employment of any Participant at any time; or
- (d) to be evidence of any agreement or understanding, express or implied, that the Company or any Subsidiary will employ any Participant in any particular position at any particular rate of compensation or for any particular period of time.

Payments and other benefits received by a Participant under an Award shall not be deemed part of a Participant's regular, recurring compensation for purposes of any termination, indemnity or severance pay laws and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or any Subsidiary, unless expressly so provided by such other plan, contract or arrangement.

#### 18. **NO LOANS**

The Company shall not lend money to any Participant to finance a transaction under this Plan.

#### 19. **NOTICES**

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

Attention: Corporate Compensation

General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, MN 55426

20. **RECOGNITION AWARDS**

Up to 10,000 shares of Common Stock may be awarded as Recognition Awards in any calendar year during the duration of the Plan. A Company officer may identify employees of the Company who have made special contributions to the business and/or performance of the Company and request that the Corporate Secretary deliver Recognition Awards to such Participants in recognition of such contributions. Each year, the Committee shall review the grants of Recognition Awards made in the prior year. Recognition Award shares may be fully vested upon grant or subject to such vesting conditions as the Committee may authorize.



**GENERAL MILLS, INC.  
2006 COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS**

**1. PURPOSE**

The General Mills, Inc. 2006 Compensation Plan for Non-Employee Directors (the “Plan”) is hereby amended and restated, effective September 25, 2006, by General Mills, Inc. The amended and restated Plan incorporates previously adopted amendments since it was first adopted and adds provisions deemed necessary or advisable to comply with Code section 409A and the regulations thereunder. The purpose of the Plan is to provide a compensation program which will attract and retain qualified individuals not employed by General Mills, Inc. and its subsidiaries (the “Company”) to serve on the Board of Directors of the Company (the “Board”) and to further align the interests of non-employee directors with those of the stockholders by providing that a portion of compensation will be linked directly to increases in stockholder value.

**2. EFFECTIVE DATE, DURATION OF PLAN**

This Plan shall become effective as of September 25, 2006 subject to the approval of the Plan by the stockholders. The Plan will terminate on September 30, 2011 or such earlier date as determined by the Board or the Compensation Committee of the Board (the “Committee”); provided that no such termination shall affect rights earned or accrued under the Plan prior to the date of termination.

**3. DEFINITIONS**

Wherever used in this Plan, the following terms have the meanings set forth below:

“Board” means the Board of Directors of the Company.

“Change of Control” has the meaning set forth in Section 11.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” has the meaning set forth in Section 2.

“Common Stock” means Company common stock (\$.10 par value).

“Company” means General Mills, Inc. and its subsidiaries.

“Deferred Compensation Account” has the meaning set forth in Section 6(d).

“Election Form” means a written form provided by the Committee pursuant to which a Participant may elect the form and timing of distributions with respect to his or her retainer, Stock Units and dividend equivalents under the Plan.

“Fair Market Value” means the average of the intraday high and low price of the national market composite price of the Common Stock on the applicable date. Notwithstanding this definition, effective January 1, 2007, “Fair Market Value” means the closing price on the New York Stock Exchange of the Common Stock on the applicable date.

“Key Employee” means a Participant treated as a “specified employee” as of his Separation from Service under Code section 409A(a)(2)(B) (i), i.e., a key employee (as defined in Code section 416(i) without regard to paragraph (5) thereof) of the Company or its affiliates if the Company’s or its affiliate’s stock is publicly traded on an established securities market or otherwise. Key Employees shall be determined in accordance with Code section 409A using a December 31 identification date. A listing of Key Employees as of an identification date shall be effective for the 12-month period beginning on the April 1 following the identification date.

“Option” has the meaning set forth in Section 7(a).

“Participant” has the meaning set forth in Section 4.

“Plan” means the General Mills, Inc. 2006 Compensation Plan for Non-Employee Directors as set forth herein and as amended.

“Plan Year” has the meaning set forth in Section 6(a).

“Separation from Service” or “Separate from Service” means a “separation from service” within the meaning of Code section 409A.

“Stock Unit Account” has the meaning set forth in Section 8(a).

“Stock Units” has the meaning set forth in Section 8(a).

#### **4. PARTICIPATION**

Each member of the Board who is not an employee of the Company at the date compensation is earned or accrued shall be eligible to participate in the Plan unless prohibited from participating by the terms of their employment (a “Participant”).

#### **5. COMMON STOCK SUBJECT TO THE PLAN**

(a) General. The Common Stock to be issued under this Plan is to be made available from the authorized but unissued Common Stock, shares of Common Stock held in the treasury, or Common Stock purchased on the open market or otherwise. Subject to the provisions of the next succeeding paragraphs, the maximum aggregate number of shares authorized to be issued under the Plan shall be 700,000 and the maximum number of shares authorized to be issued under the Plan in a single Plan Year shall be 160,000.

Upon forfeiture or termination of Stock Units prior to vesting, the shares of Common Stock subject thereto shall again be available for awards under the Plan.

(b) Adjustments for Corporate Transactions. If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to a Stock Unit Account; and (iv) the exercise price of outstanding Options provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction. Notwithstanding anything in this Section to the contrary, an adjustment to an Option under this Section 5(b) shall be made in a manner that will not result in the grant of a new Option under Code Section 409A.

#### **6. RETAINER**

(a) General. Each non-employee director shall be entitled to receive a retainer with respect to each one-year board term, beginning the day of each annual stockholders’ meeting and ending the day before the succeeding annual stockholders’ meeting (the “Plan Year”) in an amount determined from time to time by the Board. Retainers shall be earned and paid at the end of each of the Company’s fiscal quarters.

(b) Normal Payment Terms. The normal payment terms for retainers are cash in a lump sum. In the absence of an affirmative election to the contrary, the retainer (or the portion not subject to such elections) shall be paid 10 business days following the last day of each quarterly period described above in (a).

(c) Deferral Elections. Each Participant may elect an alternative form (lump sum vs. installments) in which a retainer may be delivered and the timing for such delivery, pursuant to the terms of Section 9. Participants shall make such election by filing an irrevocable Election Form with the Committee before the calendar year in which a Plan Year begins. The election shall apply to amounts earned in a quarterly period described in (a) above that begins during the Plan Year. Notwithstanding the foregoing, in the first year in which a non-employee director becomes eligible to participate in the Plan, an election may be made with respect to services to be performed subsequent to the election, to the extent permitted under Code section 409A. Such an election must be made on an Election Form within 30 days after the date the non-employee director becomes eligible to participate in the Plan.

(d) Deferred Cash Alternative. For each Participant who affirmatively elects to defer receipt of his or her retainers in the form of deferred cash, the Company shall establish a separate account (a “Deferred Compensation Account”) and credit such deferred cash compensation into that Account as of the date the amounts would otherwise be paid. A separate Deferred Compensation Account shall be established for each Plan Year a Participant makes such a deferral election. Earnings, gains and losses shall be credited to each such Deferred Compensation Account based on the rate earned by the fund or funds selected by the Participant from among funds or portfolios established under the General Mills, Inc. 401(k) Savings Plan or any other qualified benefit plan maintained by the Company which the Minor Amendment Committee, or its delegate, in its

discretion, may from time to time establish. Distributions from a Deferred Compensation Account shall be made in accordance with Section 9.

The Company has established a Supplemental Benefits Trust with Wells Fargo Bank Minnesota, N.A. as trustee to hold assets of the Company under certain circumstances as a reserve for the discharge of the Company's obligations as to Deferred Compensation Accounts under the Plan and certain other deferred compensation plans of the Company. In the event of a Change of Control, the Company shall be obligated to immediately contribute such amounts to the trust as may be necessary to fully fund all Deferred Compensation Accounts payable under the Plan. Any Participant in the Plan shall have the right to demand and secure specific performance of this provision. All assets held in the trust remain subject only to the claims of the Company's general creditors whose claims against the Company are not satisfied because of the Company's bankruptcy or insolvency (as those terms are defined in the trust agreement). No Participant has any preferred claim on, or beneficial ownership interest in, any assets of the trust before the assets are paid to the Participant and all rights created under the trust, as under the Plan, are unsecured contractual claims of the Participant against the Company.

(e) Common Stock Alternative. Each Participant may affirmatively elect to receive all or a specified percentage of his or her retainers for a Plan Year in shares of Common Stock, which, if elected, will be issued 10 business days following the last day of each quarterly period during the Plan Year described above in (a). Only whole numbers of shares will be issued, with any fractional share amounts paid in cash. For purposes of computing the number of shares earned each quarter during the Plan Year, the value of each share shall be equal to the Fair Market Value on the third Business Day preceding the last day of each quarter described above in (a) during the Plan Year. For the purposes of this Plan, "Business Day" shall mean a day on which the New York Stock Exchange is open for trading.

(f) Death. Notwithstanding any other provision of the Plan, if a Participant dies during a Plan Year, the balance of the amount due for the full quarter in which death occurs shall be payable in full to the person(s) designated under the terms of Section 11(e) of this Plan or if none designated then to the Participant's estate, in cash, 60 days following the date of death.

## **7. NON-QUALIFIED STOCK OPTIONS**

(a) Grant of Options. Each non-employee director on the effective date of the Plan (or, if first elected after the effective date of the Plan, on the date the non-employee director first attends a Board meeting) shall be awarded an option (an "Option") to purchase shares of Common Stock, in an amount determined from time to time by the Board, or its delegate. As of the close of business on each successive annual stockholders' meeting after the date of the original award, each Participant who is re-elected to the Board shall be granted an additional Option to purchase shares of Common Stock. All Options granted under the Plan shall be non-statutory options not entitled to special tax treatment under Code section 422.

(b) Option Exercise Price. The per share price to be paid by the Participant at the time an Option is exercised shall be 100% of the Fair Market Value on the date of grant, or on the last date preceding the date of grant on which the Common Stock was traded.

(c) Term of Option. Each Option shall expire ten (10) years from the date of grant.

(d) Exercise and Vesting of Option. Each Option will vest on the date of the annual stockholders' meeting next following the date the Option is granted. Upon vesting, a Participant shall be given the full ten (10) year term to exercise the Option without regard to whether he or she continues to serve on the Board. If, for any reason, a Participant ceases to serve on the Board prior to the date an Option vests, such Option shall be forfeited and all further rights of the Participant to or with respect to such Option shall terminate. Notwithstanding the foregoing, if a participant should die during his or her term of service on the Board, any vested Option may be exercised by the person(s) designated under the terms of Section 11(e) of this Plan, and any unvested Options shall fully vest and become exercisable upon death for the remainder of the Option's full term.

(e) Method of Exercise. A Participant exercising an Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day, at the executive offices of the Company. The exercise price shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:

- (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
- (ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation); or
- (iii) by a combination of (i) and (ii) above.

To determine the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

(f) Non-transferability. Except as provided by rule adopted by the Committee, an Option shall be non-assignable and non-transferable by a Participant other than by will or the laws of descent and distribution. A Participant shall forfeit any Option assigned or transferred, voluntarily or involuntarily, other than as permitted under this subsection.

## 8. STOCK UNITS

(a) Awards. On the effective date of the Plan (or, if a Participant is first elected after the effective date of the Plan, on the date the Participant first attends a Board meeting) and at the close of business on each successive annual stockholders' meeting, each Participant shall be awarded the right to receive shares of Common Stock ("Stock Units"), subject to vesting as provided in Section 8(b). Only a Participant who is re-elected to the Board shall be entitled to a grant under this Section 8(a) of Stock Units awarded at the close of business on an annual meeting date after the date of the original grant to Participants. A separate Stock Unit Account will be established for the Participant each time an award of Stock Units is made.

The maximum aggregate number of shares authorized to be issued under the Plan upon vesting of Stock Unit awards shall be 175,000. Participants receiving Stock Units will have no rights as stockholders of the Company with respect to allocations made to their Stock Unit Account(s), except the right to receive dividend equivalent allocations under Section 8(d).

Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such time as share certificates for Common Stock are issued to the Participants.

(b) Vesting of Stock Units. A Participant's interest in the Stock Units shall vest on the date of the annual stockholders' meeting next following the date of the award of the Stock Units. If, for any reason, a Participant ceases to serve on the Board prior to the date the Participant's interest in a grant of Stock Units vests, such Stock Units shall be forfeited and all further rights of the Participant to or with respect to such Stock Units shall terminate. Notwithstanding the foregoing, a Participant who dies while serving on the Board prior to the vesting of Stock Units shall fully vest in such Stock Units, effective as of the date of death and shall be paid to the person(s) designated under the terms of Section 11(e) of this Plan.

(c) Election Concerning Receipt of Common Stock. Each Participant receiving an award of Stock Units under Section 8(a) may elect the time and form (lump sum vs. installments) of distribution of Common Stock attributable to such Stock Units, pursuant to the terms of Section 9. If no affirmative election is made, all Stock Units shall be paid in shares of Common Stock 10 days following vesting.

(d) Dividend Equivalents. The Participant may also elect to have dividend equivalents payable on Stock Units paid currently in cash or reinvested in Stock Units. If the amounts are reinvested, on each dividend payment date for the Common Stock, the Company will credit each Stock Unit Account with an amount equal to the dividends that would have been paid had the Stock Units been actual shares of Common Stock, which shall be used to "purchase" additional Stock Units at a price equal to the Fair Market Value on the dividend date. Such additional Stock Units shall be distributed at the same time and in the same form as the rest of the Stock Unit Account balance. If the Participant fails to make an election, the dividend equivalent amounts shall be paid in cash currently.

(e) Timing of Elections. In order to make an election under Sections 8(c) and/or 8(d) with respect to Stock Units awarded for a Plan Year, a Participant shall file an irrevocable Election Form with the Committee before the calendar year in which the Plan Year begins. Notwithstanding the foregoing, in the first year in which a non-employee director becomes eligible to participate in the Plan, a deferral election may be made with respect to services to be performed subsequent to the election, to the extent permitted under Code section 409A. Such an election must be made on an Election Form within 30 days after the date the non-employee director becomes eligible to participate in the Plan.

## 9. DISTRIBUTION PROVISIONS FOR DEFERRED CASH AND STOCK UNITS

The following distribution provisions shall apply to Deferred Compensation Accounts and Stock Unit Accounts:

(a) Timing. Distributions from Deferred Compensation Accounts shall normally commence at Separation from Service, however, a Participant may affirmatively elect a specified date for commencement, provided said date is not later than age 75. The same rule applies to Stock Units which have been deferred beyond the vesting period described in Section 8(b). Elections as to the timing of benefit commencement shall be made in accordance with Sections 6 and 8, as appropriate.

Notwithstanding the above or any other provision of this Plan, distributions may not be made to a Key Employee upon a Separation from Service before the date which is six months after the date of the Key Employee's Separation from Service (or, if earlier, the date of death of the Key Employee). Any payments that would otherwise be made during this period of delay shall



be accumulated and paid on the first day of the seventh month following the Participant's Separation from Service (or, if earlier, the first day of the month after the Participant's death).

(b) Form of Distribution. Distributions shall normally be made in a lump sum. However, a Participant may affirmatively elect to receive substantially equal annual installments over a period of up to 10 years. Such elections shall be made in accordance with Sections 6 and 8, as appropriate.

(c) Manner of Distribution. Amounts credited to Deferred Compensation Accounts shall be paid in cash. Amounts credited to Stock Unit Accounts shall be paid in Common Stock based on the number of Stock Units credited to the Stock Unit Account and paid in cash equal to any dividend equivalent amounts which had not been used to "purchase" additional Stock Units.

(d) Distribution Upon Death. Notwithstanding any elections by a Participant or provisions of the Plan to the contrary, if a Participant dies before full distribution of a Deferred Compensation Account or Stock Unit Account, such accounts shall be distributed to the person(s) designated under the terms of Section 11(e) of this Plan or if none designated then to the Participant's estate in a lump sum 60 days following the date of death.

(e) Permitted Payment Delay To Avoid Violations of Law. Notwithstanding any provision of this Plan to the contrary, any distribution to a Participant under the Plan shall be delayed upon the Committee's reasonable anticipation that the making of the payment would violate Federal securities laws or other applicable law; provided, that any payment delayed pursuant to this Section 9(e) shall ultimately be paid in accordance with Code section 409A.

(f) Payment Acceleration. If amounts deferred under the Plan must be included in a Participant's income under Code section 409A prior to the scheduled distribution of such amounts, distribution of such amount shall be made immediately to the Participant.

## 10. CHANGE OF CONTROL

Notwithstanding any elections by a Participant or provisions of the Plan to the contrary, upon the occurrence of a Change of Control, all Options and Stock Units shall fully and immediately vest, and shall be exercisable or paid pursuant to the terms of the Plan that are otherwise applicable. If the Change of Control is also a "change in control" as defined under Code section 409A(a)(2)(A)(v) and official guidance thereunder, all Stock Unit Accounts shall be distributed in a single payment 30 days following such Change of Control.

## 11. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have full power to interpret the Plan, formulate additional details and regulations for carrying out the Plan and amend, modify or terminate the Plan as from time to time it deems proper and in the best interests of the Company, provided that after a Change of Control no amendment, modification of or action to terminate the Plan may be made which would affect compensation earned or accrued prior to such amendment, modification or termination without the written consent of a majority of Participants determined as of the day before a Change of Control. Any decision or interpretation adopted by the Committee shall be final and conclusive. A "Change of Control" means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (3) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Company Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Company Voting Securities; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an

actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries, (each a "Business Combination"); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business combination of the Outstanding Company Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) Designation of Beneficiary. Each Participant who has a Deferred Compensation Account, a Stock Unit Account, or Option under the Plan may designate a beneficiary or beneficiaries to exercise any Option or to receive any payment which under the terms of the Plan may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any Options shall be divided among beneficiaries equally, and any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant has expressly designated otherwise, in which case such Options shall be divided, and the payments shall be made, in the portions designated by the Participant.

## **12. GOVERNING LAW**

The validity, construction and effect of the Plan and any such actions taken under or relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law.

## **13. NOTICES**

Unless otherwise notified, all notices under this Plan shall be sent in writing to the Company, attention Corporate Compensation, P.O. Box 1113, Minneapolis, Minnesota 55440. All correspondence to the Participants shall be sent to the address which is their recorded address as listed on the election forms.

## **14. PLAN TERMINATION**

Upon termination of the Plan, distribution of Deferred Compensation Accounts and Stock Unit Accounts shall be made as described in Section 9, unless the Committee determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements under Code section 409A. Upon termination of the Plan, no further deferrals of retainers, Stock Units or dividend equivalent amounts shall be permitted; however, earnings, gains and losses shall continue to be credited to the Deferred Compensation Account balances in accordance with Section 6 until the Deferred Compensation Account balances are fully distributed.

## **15. COMPLIANCE WITH CODE SECTION 409A**

It is intended that this Plan shall comply with the provisions of Code section 409A and the Treasury regulations relating thereto so as not to subject the Participants to the payment of additional taxes and interest under Code section 409A. In furtherance of this intent, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.



## GENERAL MILLS, INC.

## 2007 STOCK COMPENSATION PLAN

## 1. PURPOSE OF THE PLAN

The purpose of the General Mills, Inc. 2007 Stock Compensation Plan (the "Plan") is to attract and retain able individuals by rewarding employees of General Mills, Inc., its subsidiaries and affiliates (defined as entities in which General Mills, Inc. has a significant equity or other interest) (collectively, the "Company") and to align the interests of employees with those of the stockholders of the Company. The Company shall include any successors to General Mills, Inc. or any future parent corporations or similar entities.

## 2. EFFECTIVE DATE AND DURATION OF PLAN

This Plan shall become effective as of September 24, 2007, subject to the approval of the stockholders of the Company at the Annual Meeting on September 24, 2007. Awards may be made under the Plan until December 31, 2009.

## 3. ELIGIBLE PERSONS

Only persons who are employees of the Company shall be eligible to receive grants of Stock Options, Restricted Stock, Restricted Stock Units, and/or Stock Appreciation Rights (each defined below) and become "Participants" under the Plan. The Compensation Committee of the Company's Board of Directors (the "Committee") shall exercise the discretionary authority to determine from time to time the employees of the Company who are eligible to participate in this Plan.

## 4. AWARD TYPES

- (a) **Stock Option Awards.** Under this Plan, the Committee may award Participants options ("Stock Options") to purchase a fixed number of shares of common stock (\$.10 par value) of the Company ("Common Stock"). The grant of a Stock Option entitles the Participant to purchase shares of Common Stock at an "Exercise Price" established by the Committee which shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant, and may exceed the Fair Market Value on the grant date, at the Committee's discretion. "Fair Market Value" shall equal the closing price on the New York Stock Exchange of the Company's Common Stock on the applicable date.
- (b) **Restricted Stock Awards.** The Committee may grant Participants, subject to certain restrictions, shares of Common Stock ("Restricted Stock") or the right to receive shares of Common Stock or cash ("Restricted Stock Units").
- (c) **Stock Appreciation Rights.** The Committee may also award Participants Stock Appreciation Rights. A Stock Appreciation Right is a right to receive, upon exercise of that right, an amount, which may be paid in cash, shares of Common Stock, or a combination thereof in the complete discretion of the Committee, equal to the difference between the Fair Market Value of one share of Common Stock as of the date of exercise and the Fair Market Value of one share of Common Stock on the date of grant.

Stock Options, Restricted Stock, Restricted Stock Units and Stock Appreciation Rights are sometimes referred to as "Awards". To the extent any Award is subject to section 409A of the Internal Revenue Code of 1986, as amended ("Code section 409A"), the terms and administration of such Award shall comply therewith and IRS guidance thereunder. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the section 409A deferral election rules and the exclusion from section 409A for certain short-term deferral amounts.

## 5. COMMON STOCK SUBJECT TO THE PLAN

- (a) **Maximum Shares Available for Delivery.** Subject to Section 5(c), the maximum number of shares of Common Stock available for Awards to Participants under the Plan shall be 10,000,000. Stock Options and Stock Appreciation Rights awarded shall reduce the number of shares available for Awards by one share for every one share granted; provided that Stock Appreciation Rights that may be settled only in cash shall not reduce the number of shares available for Awards. Awards of Restricted Stock and Restricted Stock Units settled in shares of Common Stock shall reduce the number of shares available for Award by one share for every one share awarded, up to 25 percent of the total number of shares available; beyond that, Restricted Stock and

Restricted Stock Units settled in shares of Common Stock shall reduce the number of shares available for Award by five shares for every one share awarded. Restricted Stock Units that may be settled only in cash shall not reduce the number of shares available for Awards.

The Company will repurchase a number of shares of Common Stock in the public market at least equal to the number of shares of Common Stock issued under this Plan.

In addition, any Common Stock covered by a Stock Option or Stock Appreciation Right granted under the Plan which is forfeited prior to the end of the vesting period shall be deemed not to be granted for purposes of determining the maximum number of shares of Common Stock available for Awards under the Plan. In the event a Stock Appreciation Right is settled for cash, the number of shares deducted against the maximum number of shares provided in Section 5(a) shall be restored and again be available for Awards. However, if (i) any Stock Option or Stock Appreciation Right that is exercised through the delivery of Common Stock in satisfaction of the Exercise Price, and (ii) withholding tax requirements arising upon exercise of any Stock Option or Stock Appreciation Right are satisfied through the withholding of Common Stock otherwise deliverable in connection with such exercise, the full number of shares of Common Stock underlying any such Stock Option or Stock Appreciation Right, or portion thereof being so issued shall count against the maximum number of shares available for grants under the Plan.

Upon forfeiture or termination of Restricted Stock or Restricted Stock Units prior to vesting, the shares of Common Stock subject thereto shall again be available for Awards under the Plan.

- (b) **Individual Share Limits.** The number of shares of Common Stock subject to Stock Options and Stock Appreciation Rights or shares of Common Stock available for Restricted Stock or Restricted Stock Unit Awards granted under the Plan to any single Participant shall not exceed, in the aggregate, 1,000,000 shares and/or units per fiscal year. This per-Participant limit shall be construed and applied consistently with Code section 162(m) and the regulations thereunder.
- (c) **Adjustments for Corporate Transactions.** If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding Awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding Awards; (iii) the number of shares credited to an account; (iv) the share limits imposed under the Plan; and if applicable; (v) the Exercise Price of outstanding Options and Stock Appreciation Rights provided that the number of shares of Common Stock subject to any Option or Stock Appreciation Right denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, combination of shares, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction. Notwithstanding anything in this paragraph to the contrary, an adjustment to an Option or Stock Appreciation Right under this paragraph shall be made in a manner that will not result in the grant of a new Option or Stock Appreciation Right under Code section 409A.
- (d) **Limits on Distribution.** Distribution of shares of Common Stock or other amounts under the Plan shall be subject to the following:
  - (i) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
  - (ii) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock or Restricted Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- (e) **Stock Deposit Requirements and other Restrictions.** The Committee, in its discretion, may require as a condition to the grant of Awards, the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such grant, if such deposit is not made or maintained during the required holding period. Such shares of deposited Common Stock may not be otherwise sold or disposed of during the applicable holding period or restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option or Stock Appreciation Right shall be restricted in any manner.

## 6. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS TERMS AND TYPE

- (a) **General.** Stock Options granted under the Plan shall be Non-Qualified Stock Options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"). The term of any Stock Option and Stock Appreciation Right granted under the Plan shall be determined by the Committee, provided that said term shall not exceed 10 years and one month.



- (b) **No Reload Rights.** Neither Stock Options nor Stock Appreciation Rights granted under this Plan shall contain any provision entitling the optionee or right-holder to the automatic grant of additional options or rights in connection with any exercise of the original option or right.
- (c) **No Repricing.** Subject to Section 5(c), outstanding Stock Options and Stock Appreciation Rights granted under this Plan shall under no circumstances be repriced.

## 7. GRANT, EXERCISE AND VESTING OF STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

- (a) **Grant.** Subject to the limits otherwise imposed by the terms of this Plan, the Committee has discretionary authority to determine the size of a Stock Option or Stock Appreciation Right Award, which may be tied to meeting performance-based requirements.
- (b) **Exercise.** Except as provided in Sections 11 and 12 (Change of Control and Termination of Employment), each Stock Option or Stock Appreciation Right may be exercised only in accordance with the terms and conditions of the Stock Option grant or Stock Appreciation Right and during the periods as may be established by the Committee. A Participant exercising a Stock Option or Stock Appreciation Right shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company.
- (c) **Vesting.** Stock Options and Stock Appreciation Rights shall not be exercisable unless vested. Subject to Sections 11 and 12 Stock Options and Stock Appreciation Rights shall be fully vested only after four years of the Participant's continued employment with the Company following the date of the grant.
- (d) **Payment of Exercise Price.** The Exercise Price for Stock Options shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:
  - (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
  - (ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation);
  - (iii) by a combination of (i) and (ii) above; or
  - (iv) by authorizing a third party broker to sell a sufficient number of shares of Common Stock acquired upon exercise of the Stock Option and remit to the Company such sales proceeds to pay the entire Exercise Price and any tax withholding resulting from the exercise.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

## 8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

Restricted Stock and Restricted Stock Units may be awarded on either a discretionary or performance-based method.

- (a) **Discretionary Awards.** With respect to discretionary Awards of Restricted Stock and Restricted Stock Units, the Committee shall:
  - (i) Select Participants to whom Awards will be made;
  - (ii) Subject to the otherwise applicable Plan limits, determine the number of shares of Restricted Stock or the number of Restricted Stock Units to be awarded to a Participant;
  - (iii) Determine the length of the restricted period, which shall be no less than four years;
  - (iv) Determine the purchase price, if any, to be paid by the Participant for Restricted Stock or Restricted Stock Units;
  - (v) Determine whether Restricted Stock Unit Awards will be settled in shares of Common Stock or cash; and

- (vi) Determine any restrictions other than those set forth in this Section.
  
- (b) **Performance-Based Awards.** With respect to Awards of performance-based Restricted Stock and Restricted Stock Units, the intent is to grant such Awards so as to satisfy the requirements for “qualified performance-based compensation” under Code Section 162(m). Performance-based Awards are subject to the following:
  - (i) The Committee has exclusive authority to determine which Participants may be awarded performance-based Restricted Stock and Restricted Stock Units and whether any Restricted Stock Unit Awards will be settled in shares of Common Stock, cash, or a combination thereof.
  
  - (ii) In order for any Participant to be awarded Restricted Stock or Restricted Stock Units for a Performance Period (defined below), the net earnings from continuing operations excluding items identified and disclosed by the

Company as non-recurring or special costs and after taxes (“Net Earnings”) of the Company for such Performance Period must be greater than zero.

- (iii) At the end of the Performance Period, if the Committee determines that the requirement of Section 8(b)(ii) has been met, each Participant eligible for a performance-based Award shall be deemed to have earned an Award equal in value to the Maximum Amount, or such lesser amount as the Committee shall determine in its discretion to be appropriate. The Committee may base this determination of grant size on performance-based criteria and in no case shall this have the effect of increasing an Award payable to any other Participant. For purposes of computing the value of Awards, each Restricted Stock or Restricted Stock Unit shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the date the Award is granted.
- (iv) In addition to the limitation on the number of shares of Common Stock available for Awards under section 5(b) hereof, in no event shall the total value of the performance-based Restricted Stock or Restricted Stock Unit Award granted to any Participant for any one Performance Period exceed 0.5 percent of the Company’s Net Earnings for that Performance Period (such amount is the “Maximum Amount”).
- (v) The Committee shall determine the length of the restricted period which, subject to Sections 11 and 12, shall be no less than four years.
- (vi) “Performance Period” means a fiscal year of the Company, or such other period as the Committee may from time to time establish.

Subject to the restrictions set forth in this Section, each Participant who receives Restricted Stock shall have all rights as a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions.

Each Participant who is awarded Restricted Stock Units that are settled in shares of Common Stock shall be eligible to receive, at the expiration of the applicable restricted period (or such later time as provided herein), one share of Common Stock for each Restricted Stock Unit awarded, and the Company shall issue to each such Participant that number of shares of Common Stock. Each Participant who is awarded Restricted Stock Units that are settled in cash shall receive an amount equal to the Fair Market Value of a share of Common Stock on the date the applicable restricted period ends, multiplied by the number of Units awarded. Participants who receive Restricted Stock Units shall have no rights as stockholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants (if applicable); provided, however, that as of the first day of each quarter, during the applicable restricted period for all Restricted Stock Units awarded hereunder, the Company shall pay to each such Participant an amount equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock.

The Committee may in its discretion permit a Participant to defer receipt of any Common Stock or cash issuable upon the lapse of any restriction of Restricted Stock or Restricted Stock Units, subject to such rules and procedures as it may establish. In particular, the Committee shall establish rules relating to such deferrals intended to comply with the requirements of Code section 409A, including without limitation, the time when a deferral election can be made, the period of the deferral, and the events that would result in payment of the deferred amount.

## 9. TRANSFERABILITY OF AWARDS

Except as otherwise provided by rules of the Committee, no Stock Options or Stock Appreciation Right shall be transferable by a Participant otherwise than (i) by the Participant’s last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options or Stock Appreciation Right shall be exercised during the Participant’s lifetime only by the Participant or his or her guardian or legal representative. Except as otherwise provided in Section 8, no shares of Restricted Stock and no Restricted Stock Units shall be sold, exchanged, transferred, pledged or otherwise disposed of during the restricted period.

## 10. TAXES

The Company has the right to withhold amounts from Awards to satisfy tax obligations as it deems appropriate. Whenever the Company issues Common Stock under the Plan, unless it decides to satisfy the withholding obligations through additional withholding on salary or other wages, it may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state, local or foreign tax withholding requirements prior to the delivery of such Common Stock, or the Company may in its discretion withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements; provided however, except as otherwise provided by the Committee, that the total tax withholding where shares are used to satisfy such tax obligations shall not exceed the Company’s minimum statutory withholding obligations (based on minimum statutory withholding rates for Federal, state and

foreign tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).



## 11. CHANGE OF CONTROL

- (a) Each of the following (i) through (iv) constitutes a “Change of Control”:
- (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; and provided, further, that if any Person’s beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (A) or (B) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Voting Securities; or
  - (ii) Individuals who, as of the date hereof, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
  - (iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”); excluding however, such a Business Combination pursuant to which (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Securities, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
  - (iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.
- (b) If, within two years after a Change of Control a Participant experiences an involuntary separation from service initiated by the Company for reasons other than “cause” (for this purpose cause shall have the same meaning as that term has in Section 4.2(b) (ii) of Plan B of the General Mills Separation Pay and Benefits Program for Officers), or a separation from service for “good reason” actually entitling the employee to certain separation benefits under Section 4.2(a)(ii) of Plan B of the General Mills Separation Pay and Benefits Program for Officers, the following applies:
- (i) All of his or her outstanding Stock Options and Stock Appreciation Rights shall fully vest immediately and remain exercisable for the one-year period beginning on the date of his or her separation from service.
  - (ii) All shares of Restricted Stock and Restricted Stock Units shall fully vest and be settled immediately (subject to a proper deferral election made with respect to the Award); provided, however, that any Section 409A Restricted Stock Units (not subject to a proper deferral election) shall be settled on the Participant’s separation from service (within the meaning of

Code section 409A) or in the case of a Participant who is a “specified employee” (within the

meaning of Code section 409A) on the first day of the seventh month following the month of the Participant's separation from service.

- (c) If, pending a Change of Control, the Committee determines the Common Stock will cease to exist without an adequate replacement security that preserves Participants' economic rights and positions, then, by action of the Committee, the following shall occur:
- (i) All Stock Options and Stock Appreciation Rights shall become exercisable immediately prior to the consummation of the Change of Control in such manner as is deemed fair and equitable by the Committee.
  - (ii) The restrictions on all shares of Restricted Stock shall lapse and Restricted Stock Units shall vest immediately prior to consummation of the Change of Control.
  - (iii) If the Change of Control constitutes a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Participants' Restricted Stock Units shall be settled upon the Change of Control.
  - (iv) If the Change of Control does not constitute a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Restricted Stock Units that are not Section 409A Restricted Stock Units and on which a deferral election was not made shall be settled upon the Change of Control. However, the Section 409A Restricted Stock Units, or Restricted Stock Units for which a proper deferral election was made, shall be settled in cash equal to the Fair Market Value of the Restricted Stock Units at the time of the Change of Control, plus interest at a rate of Prime plus 1% from the Change of Control to the date of payment, which shall be the time the original restriction period would have closed, or the date elected pursuant to the proper deferral election, as applicable.
- (d) With respect to any outstanding Awards as of the date of any Change of Control which require the deposit of owned Common Stock as a condition to obtaining rights, the deposit requirement shall be terminated as of the date of the Change of Control.

## 12. TERMINATION OF EMPLOYMENT

- (a) **Resignation or Termination for Cause.** If the Participant's employment by the Company is terminated by either
- (i) the voluntary resignation of the Participant, or
  - (ii) a Company discharge due to Participant's illegal activities, poor work performance, misconduct or violation of the Company's Code of Conduct, policies or practices,

then the Participant's Stock Options and Stock Appreciation Rights shall terminate three months after such termination (but in no event beyond the original full term of the Stock Options or Stock Appreciation Rights) and no Stock Options or Stock Appreciation Rights shall become exercisable after such termination, and all shares of Restricted Stock and Restricted Stock Units which are subject to restriction on the date of termination shall be forfeited.

- (b) **Other Termination.** If the Participant's employment by the Company terminates involuntarily at the initiation of the Company for any reason other than specified in Sections 11, 12 (a), (d) or (e), the following rules shall apply:
- (i) In the event that, at the time of such involuntary termination, the sum of the Participant's age and years of service with the Company equals or exceeds 70, the Participant's outstanding Stock Options and Stock Appreciation Rights shall continue to become exercisable according to the schedule established at the time of grant unless otherwise provided in the applicable Award agreement, the restriction on all shares of Restricted Stock shall lapse and Restricted Stock Units shall vest and be paid (or deferred, as appropriate) immediately. Stock Options and Stock Appreciation Rights shall remain exercisable for the remaining full term of such Awards.
  - (ii) In the event that, at the time of such involuntary termination, the sum of the Participant's age and years of service with the Company is less than 70, the Participant's outstanding unexercisable Stock Options and Stock Appreciation Rights, and unvested Restricted Stock and Restricted Stock Units, shall become exercisable or vest and paid or deferred immediately, as the case may be, as of the date of termination, in a pro-rata amount based on the full months of employment completed during the full vesting period from the date of grant to the date of termination with such newly-vested Stock Options and Stock Appreciation Rights, and Stock Options and Stock Appreciation Rights exercisable on the date of termination, remaining exercisable for the lesser of one year from the date of termination and the original full term of the Stock Option and/or Stock Appreciation Right. All other Stock Options, Stock Appreciation Rights, shares of Restricted Stock and

Restricted Stock Units shall be forfeited as of the date of termination. Provided, however, that if the Participant is an executive officer of the Company, the Participant's outstanding Stock Options and Stock Appreciation Rights which, as of the date of termination are not yet exercisable, shall become exercisable effective as of the date of such termination and, with all outstanding

Stock Options and Stock Appreciation Rights already exercisable on the date of termination, shall remain exercisable for the lesser of one year following the date of termination and the original full term of the Stock Option or Stock Appreciation Right, and all shares of Restricted Stock and Restricted Stock Units shall vest as of the date of termination and be paid or deferred immediately.

Notwithstanding the foregoing, any Section 409A Restricted Stock Units that vest under this Section 12(b) shall be paid on the Participant's separation from service (within the meaning of Code section 409A), or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

- (c) **Death.** If a Participant dies while employed by the Company, any Stock Option or Stock Appreciation Right previously granted under this Plan shall fully vest and become exercisable upon death and together with all other outstanding Stock Options may be exercised by the person(s) authorized in accordance with Section 13(e) of this Plan. Such Stock Options shall be exercisable for the remaining full term of such Awards.

A Participant who dies while employed by the Company during any applicable restricted period shall fully vest in Awards of Restricted Stock or Restricted Stock Units, effective as of the date of death, and such shares shall be paid as of the first day of the month following death to the person(s) designated under the terms of Section 13(e) of this Plan.

- (d) **Retirement.** The Committee shall determine, at the time of grant, the treatment of Awards upon the retirement of the Participant. Unless other terms are specified in the original Award, if the termination of employment is due to a Participant's retirement on or after age 55 and completion of five years of eligibility service under the General Mills Pension Plan, the Participant may exercise a Stock Option or Stock Appreciation Right pursuant to the original terms and conditions of such Awards, and shall fully vest in, and be paid or have deferred, all shares of Restricted Stock or shares or cash attributable to Restricted Stock Units effective as of the date of employment termination as a retiree. However, the Restricted Stock Units without a proper deferral election that vest under this Section 12(d) shall be payable on the Participant's separation from service (within the meaning of Code section 409A) or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

A Restricted Stock Unit that could vest upon retirement under this Section 12(d) at any time within the Award's restricted period shall be referred to as a "Section 409A Restricted Stock Unit".

Notwithstanding the above, the terms of this Section 12(d) shall not apply to a Participant who, prior to a Change of Control, is terminated for cause as described in Section 12(a)(ii); said Participant shall be treated as provided in Section 12(a).

- (e) **Spin-offs.** If the termination of employment is due to the cessation, transfer, or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the vesting treatment of all outstanding Awards under the Plan. Such treatment shall be consistent with Code section 409A, and in particular will take into account whether a separation from service has occurred within the meaning of section 409A.

### 13. ADMINISTRATION OF THE PLAN

- (a) **Administration.** The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section.
- (b) **Selection of Committee.** The Committee shall be selected by the Board, and shall consist of two or more outside, disinterested members of the Board who, in the judgment of the Board, are qualified to administer the Plan as contemplated by Rule 16b-3 of the Securities and Exchange Act of 1934 (or any successor rule), Code section 162(m) and the regulations thereunder (or any successors thereto), and any rules and regulations of a stock exchange on which Common Stock is traded.
- (c) **Powers of Committee.** The authority to manage and control the operations and administration of the Plan shall be vested in the Committee, subject to the following:
- (i) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the eligible Company employees those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 14) to cancel or suspend Awards. In making such determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and

such other factors as the Committee deems relevant.

- (ii) The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
  - (iii) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.
- (d) **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- (e) **Designation of Beneficiary.** Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or to receive any payment which under the terms of the Plan and the relevant Award Agreement may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any Stock Options or Stock Appreciation Rights shall be divided among beneficiaries equally, and any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant has expressly designated otherwise, in which case Stock Options or Stock Appreciation Rights shall be divided, and the payments shall be made, in the portions designated by the Participant.

#### 14. AMENDMENTS OF THE PLAN

The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board of Directors, where required, the Committee may at any time terminate, amend, or suspend the operation of the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders which would:

- (a) except as provided in Section 5(c), materially increase the number of shares which may be issued under the Plan;
- (b) permit granting of Stock Options or Stock Appreciation Rights at less than Fair Market Value;
- (c) except as provided in Section 5(c), permit the repricing of outstanding Stock Options or Stock Appreciation Rights; or
- (d) amend the maximum shares set forth in Section 5(b) which may be granted to any single Participant.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Award, in any material respect, without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

#### 15. FOREIGN JURISDICTIONS

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

#### 16. NON-ALIENATION OF RIGHTS AND BENEFITS.

Subject to Section 9 and the rights of the Company established under the Plan's terms, no right or benefit under the Plan shall be subject to alienation, sale, assignment, pledge, or encumbrance and any attempt to do so shall be void. No right or benefit under the Plan be subject to the debts, contracts, liabilities or torts of the person entitled to such rights or benefits.

17. **LIMITATION OF LIABILITY OR OBLIGATION OF THE COMPANY.**

Nothing in the Plan shall be construed

- (a) to give any employee of the Company any right to be granted any Award other than at the sole discretion of the Committee;



- (b) to give any Participant any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;
- (c) to limit in any way the right of the Company or any Subsidiary to terminate, change or modify, with or without cause, the employment of any Participant at any time; or
- (d) to be evidence of any agreement or understanding, express or implied, that the Company or any Subsidiary will employ any Participant in any particular position at any particular rate of compensation or for any particular period of time.

Payments and other benefits received by a Participant under an Award shall not be deemed part of a Participant's regular, recurring compensation for purposes of any termination, indemnity or severance pay laws and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or any Subsidiary, unless expressly so provided by such other plan, contract or arrangement.

**18. NO LOANS**

The Company shall not lend money to any Participant to finance a transaction under this Plan.

**19. NOTICES**

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

Attention: Corporate Compensation  
General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, MN 55426

**20. RECOGNITION AWARDS**

Notwithstanding any other provision of the Plan to the contrary, the Committee is given the discretionary authority to award up to a total of 10,000 unrestricted shares of Common Stock during each calendar year to selected employees as a bonus or reward ("Recognition Awards"). Under this paragraph no employee shall receive over 100 shares of Common Stock as Recognition Awards over the duration of the Plan's term.

**GENERAL MILLS, INC.  
2009 STOCK COMPENSATION PLAN**

**1. PURPOSE OF THE PLAN**

The purpose of the General Mills, Inc. 2009 Stock Compensation Plan (the “Plan”) is to attract and retain able individuals by rewarding employees of General Mills, Inc., its subsidiaries and affiliates (defined as entities in which General Mills, Inc. has a significant equity or other interest, collectively, the “Company”) and to align the interests of employees with those of the stockholders of the Company. The Company shall include any successors to General Mills, Inc. or any future parent corporations or similar entities.

**2. EFFECTIVE DATE AND DURATION OF PLAN**

This Plan shall become effective as of September 21, 2009, subject to the approval of the stockholders of the Company at the Annual Meeting on September 21, 2009. Awards may be made under the Plan until December 31, 2011.

**3. ELIGIBLE PERSONS**

Only persons who are employees of the Company shall be eligible to receive grants of Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, and/or Performance Awards (each defined below) and become “Participants” under the Plan. The Compensation Committee of the Company’s Board of Directors (the “Committee”) shall exercise the discretionary authority to determine from time to time the employees of the Company who are eligible to participate in this Plan.

**4. AWARD TYPES**

- (a) **Stock Option Awards.** The Committee may award Participants options (“Stock Options”) to purchase a fixed number of shares of common stock (\$.10 par value) of the Company (“Common Stock”). The grant of a Stock Option entitles the Participant to purchase shares of Common Stock at an “Exercise Price” established by the Committee which shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant, and may exceed the Fair Market Value on the grant date, at the Committee’s discretion. “Fair Market Value” shall equal the closing price on the New York Stock Exchange of the Company’s Common Stock on the applicable date.
- (b) **Stock Appreciation Rights.** The Committee may also award Participants Stock Appreciation Rights. A Stock Appreciation Right is a right to receive, upon exercise of that right, an amount, which may be paid in cash, shares of Common Stock, or a combination thereof in the complete discretion of the Committee, equal to the difference between the Fair Market Value of one share of Common Stock as of the date of exercise and the Fair Market Value of one share of Common Stock on the date of grant.
- (c) **Restricted Stock Awards.** The Committee may grant Participants, subject to certain restrictions, shares of Common Stock (“Restricted Stock”) or the right to receive shares of Common Stock or cash (“Restricted Stock Units”).
- (d) **Performance Awards.** Performance Awards may be made by the Committee granting a right to either the value of a number of shares of Common Stock (“Performance Share Units”) or a monetary amount, which could be settled in such shares or in cash or a combination thereof (“Performance Units”), determined based on the extent to which applicable performance goals are achieved.

Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units and Performance Awards are sometimes referred to as “Awards”. To the extent any Award is subject to section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), the terms and administration of such Award shall comply therewith and IRS guidance thereunder. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the Section 409A deferral election rules and the exclusion from Section 409A for certain short-term deferral amounts.

**5. COMMON STOCK SUBJECT TO THE PLAN**

- (a) **Maximum Shares Available for Delivery.** Subject to Section 5(c), the maximum number of shares of Common Stock available for Awards to Participants under the Plan shall be 12,000,000. Stock Options and Stock Appreciation Rights awarded shall

reduce the number of shares available for Awards by one share for every one share granted; provided that Stock

Appreciation Rights that may be settled only in cash shall not reduce the number of shares available for Awards. Awards of Restricted Stock, Restricted Stock Units and Performance Awards settled in shares of Common Stock shall reduce the number of shares available for Awards by one share for every one share awarded, up to 30 percent of the total number of shares available; beyond that, Restricted Stock, Restricted Stock Units and Performance Awards settled in shares of Common Stock shall reduce the number of shares available for Awards by five shares for every one share awarded. Restricted Stock Units and Performance Awards that may be settled only in cash shall not reduce the number of shares available for Awards.

In addition, any Common Stock covered by a Stock Option or Stock Appreciation Right granted under the Plan which is forfeited prior to the end of the vesting period shall be deemed not to be granted for purposes of determining the maximum number of shares of Common Stock available for Awards under the Plan. In the event a Stock Appreciation Right is settled for cash, the number of shares deducted against the maximum number of shares provided in Section 5(a) shall be restored and again be available for Awards. However, if (i) any Stock Option or Stock Appreciation Right that is exercised through the delivery of Common Stock in satisfaction of the Exercise Price, and (ii) withholding tax requirements arising upon exercise of any Stock Option or Stock Appreciation Right are satisfied through the withholding of Common Stock otherwise deliverable in connection with such exercise, the full number of shares of Common Stock underlying any such Stock Option or Stock Appreciation Right, or portion thereof being so issued shall count against the maximum number of shares available for grants under the Plan.

Upon forfeiture or termination of Restricted Stock, Restricted Stock Units and Performance Awards prior to vesting, the shares of Common Stock subject thereto shall again be available for Awards under the Plan.

The Company will repurchase a number of shares of Common Stock in the public market at least equal to the number of shares of Common Stock issued under this Plan.

- (b) **Individual Limits.** The number of shares of Common Stock subject to Stock Options and Stock Appreciation Rights or shares of Common Stock available for Restricted Stock, Restricted Stock Units and Performance Awards granted under the Plan to any single Participant shall not exceed, in the aggregate, 1,000,000 shares and/or units per fiscal year. The maximum dollar value of Performance Awards payable to any single Participant shall be \$20,000,000 per fiscal year. These per-Participant limits shall be construed and applied consistently with Code section 162(m) and the regulations thereunder.
- (c) **Adjustments for Corporate Transactions.** If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding Awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding Awards; (iii) the number of shares credited to an account; (iv) the individual limits imposed under the Plan; and if applicable; (v) the Exercise Price of outstanding Options and Stock Appreciation Rights provided that the number of shares of Common Stock subject to any Stock Option or Stock Appreciation Right denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, combination of shares, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction. Notwithstanding anything in this paragraph to the contrary, an adjustment to a Stock Option or Stock Appreciation Right under this paragraph shall be made in a manner that will not result in the grant of a new Stock Option or Stock Appreciation Right under Section 409A.
- (d) **Limits on Distribution.** Distribution of shares of Common Stock or other amounts under the Plan shall be subject to the following:
  - (i) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
  - (ii) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock or Restricted Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- (e) **Stock Deposit Requirements and other Restrictions.** The Committee, in its discretion, may require as a condition to the grant of Awards, the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such grant, if such deposit is not made or maintained during the required holding period. Such shares of deposited Common Stock may not



be otherwise sold or disposed of during the applicable holding period or restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option or Stock Appreciation Right, or attainment of any performance goal, shall be restricted in any manner.

## 6. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS TERMS AND TYPE

- (a) **General.** Stock Options granted under the Plan shall be Non-Qualified Stock Options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the “Code”). The term of any Stock Option and Stock Appreciation Right granted under the Plan shall be determined by the Committee, provided that said term shall not exceed 10 years and one month.
- (b) **No Reload Rights.** Neither Stock Options nor Stock Appreciation Rights granted under this Plan shall contain any provision entitling the optionee or right-holder to the automatic grant of additional options or rights in connection with any exercise of the original option or right.
- (c) **No Repricing.** Subject to Section 5(c), outstanding Stock Options and Stock Appreciation Rights granted under this Plan shall under no circumstances be repriced.

## 7. GRANT, EXERCISE AND VESTING OF STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

- (a) **Grant.** Subject to the limits otherwise imposed by the terms of this Plan, the Committee has discretionary authority to determine the size of a Stock Option or Stock Appreciation Right Award, which may be tied to meeting performance-based requirements.
- (b) **Exercise.** Except as provided in Sections 11 and 12 (Change of Control and Termination of Employment), each Stock Option or Stock Appreciation Right may be exercised only in accordance with the terms and conditions of the Stock Option grant or Stock Appreciation Right and during the periods as may be established by the Committee. A Participant exercising a Stock Option or Stock Appreciation Right shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 4:30 P.M. CST/CDT on the day of exercise, which must be a business day at the executive offices of the Company.
- (c) **Vesting.** Stock Options and Stock Appreciation Rights shall not be exercisable unless vested. Subject to Sections 11 and 12 Stock Options and Stock Appreciation Rights shall be fully vested only after four years of the Participant’s continued employment with the Company following the date of the grant.
- (d) **Payment of Exercise Price.** The Exercise Price for Stock Options shall be paid to the Company at the time of such exercise, subject to any applicable rule or regulation adopted by the Committee:
  - (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
  - (ii) through the tender of shares of Common Stock owned by the Participant (by either actual delivery or attestation);
  - (iii) by a combination of (i) and (ii) above; or
  - (iv) by authorizing a third party broker to sell a sufficient number of shares of Common Stock acquired upon exercise of the Stock Option and remit to the Company such sales proceeds to pay the entire Exercise Price and any tax withholding resulting from the exercise.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

## 8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

Restricted Stock and Restricted Stock Units may be awarded on either a discretionary or performance-based method.

- (a) **Discretionary.** With respect to discretionary Awards of Restricted Stock and Restricted Stock Units, the Committee shall:
  - (i) Select Participants to whom Awards will be made;
  - (ii) Subject to the otherwise applicable Plan limits, determine the number of shares of Restricted Stock or the number of

Restricted Stock Units to be awarded to a Participant;

- (iii) Determine the length of the restricted period, which shall be no less than four years;
  - (iv) Determine the purchase price, if any, to be paid by the Participant for Restricted Stock or Restricted Stock Units;
  - (v) Determine whether Restricted Stock Unit Awards will be settled in shares of Common Stock, cash or a combination thereof; and
  - (vi) Determine any restrictions other than those set forth in this Section.
- (b) **Performance-Based.** With respect to Awards of performance-based Restricted Stock and Restricted Stock Units, the intent is to grant such Awards so as to satisfy the requirements for “qualified performance-based compensation” under Code Section 162
- (m). Performance-based Awards are subject to the following:
    - (i) The Committee has exclusive authority to determine which Participants may be awarded performance-based Restricted Stock and Restricted Stock Units and whether any Restricted Stock Unit Awards will be settled in shares of Common Stock, cash, or a combination thereof.
    - (ii) In order for any Participant to be awarded Restricted Stock or Restricted Stock Units for a Performance Period (defined below), the net earnings from continuing operations excluding items identified and disclosed by the Company as non-recurring or special costs and after taxes (“Net Earnings”) of the Company for such Performance Period must be greater than zero.
    - (iii) At the end of the Performance Period, if the Committee determines that the requirement of Section 8(b)(ii) has been met, each Participant eligible for a performance-based Award shall be deemed to have earned an Award equal in value to the Maximum Amount, or such lesser amount as the Committee shall determine in its discretion to be appropriate. The Committee may base this determination on performance-based criteria and in no case shall this have the effect of increasing an Award payable to any other Participant. For purposes of computing the value of Awards, each Restricted Stock or Restricted Stock Unit shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the date the Award is granted.
    - (iv) In addition to the limitation on the number of shares of Common Stock available for Awards under section 5(b) hereof, in no event shall the total value of the performance-based Restricted Stock or Restricted Stock Unit Award granted to any Participant for any one Performance Period exceed 0.5 percent of the Company’s Net Earnings for that Performance Period (such amount is the “Maximum Amount”).
    - (v) The Committee shall determine the length of the restricted period which, subject to Sections 11 and 12, shall be no less than four years.
    - (vi) “Performance Period” means a fiscal year of the Company, or such other period as the Committee may from time to time establish.

Subject to the restrictions set forth in this Section, each Participant who receives Restricted Stock shall have certain rights as a stockholder with respect to such shares, as set forth in the applicable Award Agreement. Each Participant who is awarded Restricted Stock Units that are settled in shares of Common Stock shall be eligible to receive, at the expiration of the applicable restricted period (or such later time as provided herein), one share of Common Stock for each Restricted Stock Unit awarded, and the Company shall issue to each such Participant that number of shares of Common Stock. Each Participant who is awarded Restricted Stock Units that are settled in cash shall receive an amount equal to the Fair Market Value of a share of Common Stock on the date the applicable restricted period ends, multiplied by the number of Units awarded. Participants who receive Restricted Stock Units shall have no rights as stockholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants (if applicable); provided, however, that as of the first day of each quarter, during the applicable restricted period for all Restricted Stock Units awarded hereunder, the Company may credit to each such Participant an amount equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock. Notwithstanding any provisions of this Section or the Plan to the contrary, any dividends or other distributions paid on Restricted Stock, or any dividend equivalents or other distributions credited in respect to Restricted Stock Units, shall be distributed (in either cash or shares of Common Stock, with or without interest or other earnings, as provided in the Award Agreement at the discretion of the Committee) to the Participant only if, when, and to the extent the restrictions imposed on the attendant Restricted Stock or Restricted Stock Units lapse, and in an amount equal to the sum of all quarterly dividends and other distributions paid by the Company during the applicable restricted period on the equivalent number of shares of Common Stock which become unrestricted. Such dividends, dividend



equivalents, or other distributions shall be payable at the same time as the attendant Restricted Stock or Restricted Stock Units to which they relate, as provided under the applicable terms

of the Plan and relevant Award Agreements. Dividends, dividend equivalents, and other distributions that are not so vested shall be forfeited.

The Committee may in its discretion permit a Participant to defer receipt of any Common Stock or cash issuable upon the lapse of any restriction of Restricted Stock or Restricted Stock Units, subject to such rules and procedures as it may establish. In particular, the Committee shall establish rules relating to such deferrals intended to comply with the requirements of Code section 409A, including without limitation, the time when a deferral election can be made, the period of the deferral, and the events that would result in payment of the deferred amount.

## 9. PERFORMANCE AWARDS

- (a) **Grant.** The Committee may grant Performance Awards which may be denominated in shares of Common Stock (“Performance Share Units”) or notionally represented by a monetary value, and which may be settled in shares of Common Stock, paid in cash, or a combination thereof (“Performance Units”).
- (b) **Performance Goal.** In order for any Participant to be granted a Performance Award for a Performance Period (defined below), the net earnings from continuing operations excluding items identified and disclosed by the Company as non-recurring or special costs and after taxes (“Net Earnings”) of the Company for such Performance Period must be greater than zero.
- (c) **Grant Size.** At the end of the Performance Period, if the Committee determines that the requirement of Section 9(b) has been met, each Participant eligible for a Performance Award shall be deemed to be granted an Award equal in value to the Maximum Amount, or such lesser amount as the Committee determines in its discretion to be appropriate. The Committee may base this determination on additional performance-based criteria and in no case shall this have the effect of increasing an Award payable to any other Participant. For purposes of computing the grant value of Awards, each Performance Award denominated in shares of Common Stock (whether or not share settled) shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the date the Award is granted.
- (d) **Additional Performance Conditions and Vesting.** Awards granted under this Section 9 shall be subject to such other terms and conditions as the Committee, in its discretion, imposes in the relevant Award Agreement. These conditions may include service and/or performance requirements and goals over periods of one or more years that could result in the future forfeiture of all or part of the Performance Award granted hereunder in the event of the Participant’s termination of employment with the Company prior to the expiration of any service conditions, and/or said performance criteria or other conditions are not met in whole or in part within the designated period of time. This designated period of time shall be referred to as the “Additional Performance Period”. Except as provided in Sections 11(b), (c) and 12(c), Performance Awards shall not be paid other than on the date specified in the relevant Award Agreement after the end of the Additional Performance Period.
- (e) **Maximum Amount.** In addition to the limitation on the dollar value of Performance Awards and the number of shares of Common Stock available for Awards under Section 5(b), in no event shall the total value of a Performance Award granted to any Participant for any one Performance Period exceed 0.5 percent of the Company’s Net Earnings for that Performance Period (such amount is the “Maximum Amount”).
- (f) **Performance Period.** “Performance Period” means the period as the Committee may from time to time establish.
- (g) **Dividend Equivalents and Voting.** At the discretion of the Committee, Performance Share Units may be credited with amounts equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock. Notwithstanding the previous sentence, any dividend equivalents or other distributions so credited shall be distributed (in either cash or shares of Common Stock, with or without interest or other earnings, as provided in the Award Agreement at the discretion of the Committee) to the Participant only if, when, and to the extent the conditions imposed on the attendant Performance Share Units are satisfied, and in an amount equal to the sum of all quarterly dividends and other distributions paid by the Company during the relevant Performance Period and/or Additional Performance Period on the equivalent number of shares of Common Stock which become payable. Such dividend equivalents or other distributions shall be payable at the same time as the attendant Performance Share Units to which they relate, as provided under the applicable terms of the Plan and Award Agreement. Dividend equivalents and other distributions that are not so vested shall be forfeited. Dividend equivalents shall not be credited in respect to Performance Units. Participants who receive either Performance Share Units or Performance Units shall have no rights as stockholders and in particular shall have no voting rights.

The Committee may in its discretion permit a Participant to defer receipt of any Common Stock or cash issuable under a Performance Award subject to such rules and procedures as it may establish. In particular, the Committee shall establish rules relating to such deferrals intended to comply with the requirements of Code section 409A, including without limitation, the time



when a deferral election can be made, the period of the deferral, and the events that would result in payment of the deferred amount.

## 10. TAXES

The Company has the right to withhold amounts from Awards to satisfy tax obligations as it deems appropriate. Whenever the Company issues Common Stock under the Plan, unless it decides to satisfy the withholding obligations through additional withholding on salary or other wages, it may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state, local or foreign tax withholding requirements prior to the delivery of such Common Stock, or the Company may in its discretion withhold from the shares to be delivered shares sufficient to satisfy all or a portion of such tax withholding requirements.

## 11. CHANGE OF CONTROL

- (a) Each of the following (i) through (iv) constitutes a “Change of Control”:
- (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of the Company where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; and provided, further, that if any Person’s beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (A) or (B) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Voting Securities; or
  - (ii) Individuals who, as of the date hereof, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
  - (iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”); excluding however, such a Business Combination pursuant to which (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Securities, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
  - (iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

- (b) If, within two years after a Change of Control a Participant experiences an involuntary separation from service initiated by the Company for reasons other than “cause” (for this purpose cause shall have the same meaning as that term has in Section 4.2(b)(ii) of Plan B of the General Mills Separation Pay and Benefits Program for Officers), or a separation from service for “good reason” actually entitling the employee to certain separation benefits under Section 4.2(a)(ii) of Plan B of the General Mills Separation Pay and Benefits Program for Officers, the following applies:
- (i) All of his or her outstanding Stock Options and Stock Appreciation Rights shall fully vest immediately and remain exercisable for the one-year period beginning on the date of his or her separation from service.
  - (ii) All shares of Restricted Stock and Restricted Stock Units shall fully vest and be settled immediately (subject to a proper deferral election made with respect to the Award).
  - (iii) All Performance Awards shall fully vest immediately and shall be considered to be earned in full “at target” as if the applicable performance goals established for the Additional Performance Period have been achieved, and paid immediately (subject to a proper deferral election made with respect to the Award).
  - (iv) If Awards are replaced pursuant to subsection (d) below, the protections and rights granted under this subsection (b) shall transfer and apply to such replacement awards.

Notwithstanding the above, any Restricted Stock Units or Performance Awards subject to Section 409A (not subject to a proper deferral election) shall be settled on the Participant’s separation from service (within the meaning of Section 409A) or in the case of a Participant who is a “specified employee” (within the meaning of Section 409A) on the first day of the seventh month following the month of the Participant’s separation from service.

- (c) If, in the event of a Change of Control, and to the extent outstanding Awards are not assumed by a successor corporation (or affiliate thereto) or other successor entity or person, or replaced with an award or grant that, solely in the discretionary judgment of the Committee preserves the existing value of outstanding Awards at the time of the Change of Control, then, by action of the Committee, the following shall occur:
- (i) Subject to the other provisions of this subsection (c), All Stock Options and Stock Appreciation Rights shall vest and become exercisable immediately upon the Change of Control event.
  - (ii) The restrictions on all shares of Restricted Stock shall lapse and Restricted Stock Units shall vest immediately.
  - (iii) All Performance Awards shall fully vest immediately and shall be considered to be earned in full “at target” as if the applicable performance goals established for the Additional Performance Period have been achieved.
  - (iv) If the Change of Control constitutes a “change in control” event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Participants’ Restricted Stock Units and Performance Awards shall be settled and paid upon the Change of Control.
  - (v) If the Change of Control does not constitute a “change in control” event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Restricted Stock Units and Performance Awards that are not Section 409A Restricted Stock Units and/or not otherwise subject to Section 409A, and on which a deferral election was not made, shall be settled and paid upon the Change of Control. However, the Section 409A Restricted Stock Units, Performance Awards otherwise subject to Section 409A, or such Awards for which a proper deferral election was made, shall be settled in cash equal to either the Award’s Fair Market Value at the time of the Change of Control, or its monetary value provided for above in (iii), as applicable, plus interest at a rate of Prime plus 1% from the Change of Control to the date of payment, which shall be the time the original restriction period would have closed, the Performance Award would have been originally payable, or the date elected pursuant to the proper deferral election, as applicable.

In the discretion of the Committee and notwithstanding subsection (c)(i) above or any other Plan provision, outstanding Stock Options and Stock Appreciation Rights (both exercisable and unexercisable) may be cancelled at the time of the Change of Control in exchange for cash, property, or a combination thereof that is determined by the Committee to be at least equal to the excess (if any) of the value of the consideration that would be received in such Change of Control by the holders of Common Stock, over the exercise price for such Awards. For purposes of clarification, by operation of this provision Stock Options and Stock Appreciation Rights that would not yield a gain at the time of the Change of Control under the aforementioned equation are subject to cancellation without consideration. Furthermore, the Committee is under no obligation to treat Awards and/or

Participants uniformly and has the discretionary authority to treat Awards and Participants disparately.

- (d) If in the event of a Change of Control and to the extent outstanding Awards are assumed by any successor corporation, affiliate thereof, person or other entity, or are replaced with awards that, solely in the discretionary judgment of the Committee preserve the existing value of outstanding Awards at the time of the Change of Control and provide for vesting payout terms, and performance goals, as applicable, that are at least as favorable to Participants as vesting, payout terms and Performance Goals applicable to Awards, then all such Awards or such substitutes thereof shall remain outstanding and be governed by their respective terms.
- (e) With respect to any outstanding Awards as of the date of any Change of Control which require the deposit of owned Common Stock as a condition to obtaining rights, the deposit requirement shall be terminated as of the date of the Change of Control.

## 12. TERMINATION OF EMPLOYMENT

- (a) **Resignation or Termination for Cause.** If the Participant's employment by the Company is terminated by either
  - (i) the voluntary resignation of the Participant, or
  - (ii) a Company discharge due to Participant's illegal activities, poor work performance, misconduct or violation of the Company's Code of Conduct, policies or practices,

then the Participant's Stock Options and Stock Appreciation Rights shall terminate three months after such termination (but in no event beyond the original full term of the Stock Options or Stock Appreciation Rights) and no Stock Options or Stock Appreciation Rights shall become exercisable after such termination, and all shares of Restricted Stock, Restricted Stock Units which are subject to restriction on the date of termination, and all outstanding Performance Awards, shall be cancelled and forfeited.

- (b) **Other Termination.** If the Participant's employment by the Company terminates involuntarily at the initiation of the Company for any reason other than specified in Sections 11, 12 (a), (d) or (e), the following rules shall apply:
  - (i) In the event that, at the time of such involuntary termination, the sum of the Participant's age and years of service with the Company equals or exceeds 70, (A) the Participant's outstanding Stock Options and Stock Appreciation Rights shall continue to become exercisable according to the schedule established at the time of grant unless otherwise provided in the applicable Award Agreement; (B) the restriction on all shares of Restricted Stock shall lapse and Restricted Stock Units shall vest and be paid (or deferred, as appropriate) immediately; and (C) any Performance Awards remaining outstanding during the Additional Performance Period shall fully vest and be payable according to the original terms of the Award with a value, if any, that otherwise would be earned under the applicable performance goals originally established under the Award Agreement based on actual performance (subject to a proper deferral election). Stock Options and Stock Appreciation Rights shall remain exercisable for the remaining full term of such Awards.
  - (ii) In the event that, at the time of such involuntary termination, the sum of the Participant's age and years of service with the Company is less than 70, (A) the Participant's outstanding unexercisable Stock Options and Stock Appreciation Rights, and unvested Restricted Stock and Restricted Stock Units, shall become exercisable or vest and paid or deferred immediately, as the case may be, as of the date of termination, in a pro-rata amount based on the full months of employment completed during the full vesting period from the date of grant to the date of termination with such newly-vested Stock Options and Stock Appreciation Rights, and Stock Options and Stock Appreciation Rights exercisable on the date of termination, remaining exercisable for the lesser of one year from the date of termination and the original full term of the Stock Option and/or Stock Appreciation Right; and (B) the Participant's Performance Awards remaining outstanding during the Additional Performance Period shall be payable according to the original terms of the Award with a value, if any, that otherwise would be earned under the applicable performance goals originally established under the Award Agreement based on actual performance, and shall vest at the end of the relevant Additional Performance Period in a pro-rata amount based on the full months of employment completed during the relevant Additional Performance Period originally established in the Award Agreement through the date of termination. All other Stock Options, Stock Appreciation Rights, shares of Restricted Stock, Restricted Stock Units and Performance Awards shall be forfeited as of the date of termination. Provided, however, that if the Participant is a Company Senior Vice President or above, the Participant's outstanding Stock Options and Stock Appreciation Rights which, as of the date of termination are not yet exercisable, shall become exercisable effective as of the date of such termination and, with all outstanding Stock Options and Stock Appreciation Rights already exercisable on the date of termination, shall remain exercisable for the lesser of one year following the date of termination and the original full term of the Stock Option or Stock Appreciation Right; all shares of Restricted Stock and Restricted Stock Units shall fully vest as of the date of termination and be paid or deferred immediately; and any outstanding Performance Awards shall fully vest and be payable according to the original terms of

the Award with a value, if any, that otherwise would be earned under the applicable performance goals originally established in the Award Agreement (subject to a proper deferral election).



Notwithstanding the foregoing, any Section 409A Restricted Stock Units that vest under this Section 12(b) shall be paid on the Participant's separation from service (within the meaning of Code section 409A), or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

- (c) **Death.** If a Participant dies while employed by the Company, any Stock Option or Stock Appreciation Right previously granted under this Plan shall fully vest and become exercisable upon death and may be exercised by the person designated as such Participant's beneficiary or beneficiaries or, in the absence of such designation, by the Participant's estate. Stock Options and Stock Appreciation Rights shall remain exercisable for the remaining full term of such Awards. A Participant who dies while employed by the Company during any applicable restricted period shall fully vest in such shares of Restricted Stock or Restricted Stock Units, effective as of the date of death, and such shares or cash shall be paid as of the first day of the month following death to the designated beneficiary or beneficiaries. If a Participant dies while employed by the Company during an Additional Performance Period, all Performance Awards shall fully vest and shall be considered to be earned in full "at target" as if the applicable performance goals have been achieved, and paid on the first day of the month following death to the designated beneficiary or beneficiaries.
- (d) **Retirement.** The Committee shall determine, at the time of grant, the treatment of Awards upon the retirement of the Participant. Unless other terms are specified in the original Award Agreement, if the termination of employment is due to a Participant's retirement on or after age 55 and completion of five years of eligibility service under the General Mills Pension Plan, the Participant may, effective as of the date of employment termination as a retiree, exercise a Stock Option or Stock Appreciation Right pursuant to the original terms and conditions of such Awards; shall fully vest in, and be paid or have deferred, all shares of Restricted Stock or shares or cash attributable to Restricted Stock Units; and all Performance Awards shall fully vest and be payable according to the original terms of the Award with a value, if any, that otherwise would be earned under the applicable performance goals originally established in the Award Agreement based on actual performance (subject to a proper deferral election made with respect to the Award). However, the Restricted Stock Units without a proper deferral election that vest under this Section 12(d) shall be payable on the Participant's separation from service (within the meaning of Section 409A) or in the case of a Participant who is a specified employee (within the meaning of Section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

A Restricted Stock Unit that could vest upon retirement under this Section 12(d) at any time within the Award's restricted period shall be referred to as a "Section 409A Restricted Stock Unit".

Notwithstanding the above, the terms of this Section 12(d) shall not apply to a Participant who, prior to a Change of Control, is terminated for cause as described in Section 12(a)(ii); said Participant shall be treated as provided in Section 12(a).

- (e) **Spin-offs and Other Divestitures.** If the termination of employment is due to the divestiture, cessation, transfer, or spin-off of a line of business or other activity of the Company, the Committee, in its sole discretion, shall determine the conversion, vesting, or other treatment of all outstanding Awards under the Plan. Such treatment shall be consistent with Section 409A, and in particular will take into account whether a separation from service has occurred within the meaning of Section 409A.

### 13. ADMINISTRATION OF THE PLAN

- (a) **Administration.** The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section.
- (b) **Selection of Committee.** The Committee shall be selected by the Board, and shall consist of two or more outside, disinterested members of the Board who, in the judgment of the Board, are qualified to administer the Plan as contemplated by Rule 16b-3 of the Securities and Exchange Act of 1934 (or any successor rule), Code section 162(m) and the regulations thereunder (or any successors thereto), and any rules and regulations of a stock exchange on which Common Stock is traded.
- (c) **Powers of Committee.** The authority to manage and control the operations and administration of the Plan shall be vested in the Committee, subject to the following:
  - (i) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the eligible Company employees those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares or amounts covered by the Awards, to establish the terms, conditions, performance criteria, performance period, restrictions, and other provisions of such Awards, to specify that the Participant's rights, payments, and benefits with respect to Awards shall be subject to adjustment, reduction, cancellation, forfeiture, or recoupment under certain circumstances, and (subject to the restrictions imposed by Section 14) to cancel or

suspend Awards. In making such determinations, the Committee may take into account the nature of services rendered by

the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant. Such terms and conditions may be evidenced by an agreement ("Award Agreement"), which need not require execution by the Participant, in which case acceptance of the Award shall constitute agreement by the Participant with all its terms, conditions, limitations and forfeiture provisions.

- (ii) The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
  - (iii) The Committee will have the authority and discretion to interpret the Plan and Award Agreements, to establish, modify, and rescind any rules relating to the Plan, to determine the terms and provisions of any Award Agreements made pursuant to the Plan, to correct any technical defect(s) or omission(s) in connection with the Plan or Award Agreement, reconcile any technical inconsistencies in connection with the Plan or Award Agreement, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan or Award Agreements by the Committee and any decision made by it under the Plan or Award Agreements is final and binding.
  - (v) The Committee will have exclusive authority and discretion to decide how outstanding Awards will be treated, and is empowered to make all elections among possible options, consistent with Sections 11(c) and (d).
- (d) **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- (e) **Designation of Beneficiary.** Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or to receive any payment which under the terms of the Plan and the relevant Award Agreement may become exercisable or payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any payments under the Plan to such beneficiaries shall be made in equal shares unless the Participant has expressly designated otherwise, in which case the payments shall be made in the shares designated by the Participant.

#### 14. **AMENDMENTS OF THE PLAN**

The Committee may from time to time prescribe, amend and rescind rules relating to the Plan. Subject to the approval of the Board of Directors, where required, the Committee may at any time terminate, amend, or suspend the operation of the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders which would:

- (a) except as provided in Section 5(c), materially increase the number of shares which may be issued under the Plan;
- (b) permit granting of Stock Options or Stock Appreciation Rights at less than Fair Market Value;
- (c) except as provided in Section 5(c), permit the repricing of outstanding Stock Options or Stock Appreciation Rights; or
- (d) amend the individual limits on awards set forth in Section 5(b) which may be granted to any single Participant.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Award, in any material respect, without the consent of the Participant. There is no obligation for uniformity of treatment of Participants or Awards under the Plan.

#### 15. **FOREIGN JURISDICTIONS**

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem

necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

16. **TRANSFERABILITY OF AWARDS**

Except as otherwise provided by rules of the Committee, no Stock Options or Stock Appreciation Right shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options or Stock Appreciation Right shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative. Except as otherwise provided in Sections 8 or 9, no shares of Restricted Stock, no Restricted Stock Units and no Performance Awards shall be sold, exchanged, transferred, pledged or otherwise disposed of during the restricted period.

17. **NON-ALIENATION OF RIGHTS AND BENEFITS.**

Subject to Section 16 and the rights of the Company established under the Plan's terms, no right or benefit under the Plan shall be subject to alienation, sale, assignment, pledge, or encumbrance and any attempt to do so shall be void. No right or benefit under the Plan be subject to the debts, contracts, liabilities or torts of the person entitled to such rights or benefits.

18. **LIMITATION OF LIABILITY OR OBLIGATION OF THE COMPANY.**

Nothing in the Plan shall be construed

- (a) to give any employee of the Company any right to be granted any Award other than at the sole discretion of the Committee;
- (b) to give any Participant any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;
- (c) to limit in any way the right of the Company or any Subsidiary to terminate, change or modify, with or without cause, the employment of any Participant at any time; or
- (d) to be evidence of any agreement or understanding, express or implied, that the Company or any Subsidiary will employ any Participant in any particular position at any particular rate of compensation or for any particular period of time.

Payments and other benefits received by a Participant under an Award shall not be deemed part of a Participant's regular, recurring compensation for purposes of any termination, indemnity or severance pay laws and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or any Subsidiary, unless expressly so provided by such other plan, contract or arrangement.

19. **NO LOANS**

The Company shall not lend money to any Participant to finance a transaction under this Plan.

20. **NOTICES**

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

Attention: Corporate Compensation  
General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, MN 55426

21. **RECOGNITION AWARDS**

Notwithstanding any other provision of the Plan to the contrary, the Committee is given the discretionary authority to award up to a total of 10,000 unrestricted shares of Common Stock during each calendar year to selected employees as a bonus or reward ("Recognition Awards"). Under this paragraph no employee shall receive over 100 shares of Common Stock as Recognition Awards over the duration of the Plan's term.

**GENERAL MILLS, INC.  
EXECUTIVE INCENTIVE PLAN**

**1. PURPOSE OF THE PLAN**

The purpose of the General Mills, Inc., Executive Incentive Plan (the “Plan”) is to provide financial rewards to key executives of General Mills, Inc. (“General Mills”), its subsidiaries and affiliates (defined as entities in which General Mills, Inc., has a significant equity or other interest) (collectively with General Mills, the “Company”) in recognition of their contributions to the success of the Company, and to align the interests of such executives with the interests of the stockholders of the Company. Awards under this Plan are intended to constitute “qualified performance-based compensation” for purposes of Internal Revenue Code section 162(m), and the Plan shall be construed consistently therewith.

**2. EFFECTIVE DATE AND DURATION OF PLAN**

This Plan, as amended and restated herein, shall become effective as of September 25, 2000, subject to the approval of the stockholders of General Mills at the Annual Meeting of Stockholders on that date. This Plan is a successor to and replaces the Executive Incentive Plan, amended and approved by stockholders on September 30, 1996. Definitions used in the Plan can be found in Section 16. Awards may be made under the Plan until September 25, 2010.

**3. ELIGIBLE PERSONS**

All officers of the Company shall be “Participants” eligible to receive Awards under the Plan.

**4. AWARD TYPE**

Under this Plan, the Committee may award Participants Cash Bonuses and the right to receive shares of Common Stock subject to certain restrictions (“Restricted Stock” or “Restricted Stock Units”). Cash bonuses, Restricted Stock and Restricted Stock Units are sometimes referred to as “Awards”. To the extent that such requirements are applicable, this Plan is intended to comply with the requirements of section 409A of the Internal Revenue Code first effective as of January 1, 2005 and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under section 409A, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the section 409A deferral election rules and the exclusion from section 409A for certain short-term deferral amounts. Certain awards made under this Plan which were earned and vested (within the meaning of section 409A) before January 1, 2005 are intended to be grandfathered from section 409A and remain governed by federal tax law applicable to deferred compensation as it existed in effect prior to section 409A. Accordingly, changes to the Plan after October 3, 2004 shall not modify the rights of participants with respect to deferred amounts that were earned and vested on or before December 31, 2004.

**5. AWARDS OF CASH BONUSES, RESTRICTED STOCK AND RESTRICTED STOCK UNITS**

- (a) Performance Goal. In order for any Participant to receive an Award for a Performance Period, the Net Earnings of the Company must be greater than zero.
- (b) Grants. At the end of the Performance Period, if the Committee certifies that the requirement of Section 5(a) has been met, each Participant shall be deemed to have earned Awards equal in value to the Maximum Amount, or such lesser amount as the Committee shall determine in its discretion to be appropriate; provided, however, that the exercise of such discretion with respect to any Participant shall not have the effect of increasing an Award payable to any other Participant. Such Awards shall consist of Cash Bonuses, Restricted Stock or Restricted Stock Units, or a combination thereof, as determined by the Committee, subject to the limitation that Restricted Stock and Restricted Stock Units may not constitute more than 50 percent of each Participant’s Award. The Committee, in its discretion, may require, as a condition to the grant of Restricted Stock or Restricted Stock Units, the purchase and deposit of Common Stock owned by the Participant receiving such grant and the forfeiture of such grant if such deposit is not made or maintained during a required holding period. Such shares of deposited Common Stock may not be otherwise sold or disposed of during the applicable holding period. For purpose of computing the value of Awards, each Restricted Stock or Restricted Stock Unit shall be deemed to have a value equivalent to the Fair Market Value of one share of Common Stock on the Grant Date.

- (c) Maximum Amount. Notwithstanding any other provision of this Plan, in no event shall the total Awards value earned by any Participant for any one Performance Period exceed 0.5 percent of the Company's Net Earnings for that Performance Period ("Maximum Amount").
- (d) Profit Sharing Resolution. All awards under this Plan shall be subject to General Mills' 1933 Shareholder Resolution on Profit Sharing, as amended.
- (e) Special Rule for Calendar Year Performance. Notwithstanding any other provision in the Plan to the contrary, cash incentive awards where the amount is determined based on calendar year performance shall be paid in a lump sum on the March 15 immediately following the end of such calendar year. Cash incentive awards where the amount is determined based on the Company's fiscal year performance (June 1 through May 31) shall be paid in a lump sum on the August 15 immediately following the end of such fiscal year. If applicable under the Plan, awards of restricted stock or restricted stock units are payable at the times set forth in the Plan document and/or award agreement. The intent of these provisions is to ensure that all such payments are actually made within the short term deferral period described in Treasury Regulations §1.409A-1(b)(4) and that such amounts are not treated as a "deferral of compensation" under Code §409A.

## 6. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

- (a) Vesting. Subject to the provisions of Sections 10 and 11, the Vesting Date for Restricted Stock and Restricted Stock Units shall be a date set forth in the applicable Grant Agreement but which may not be earlier than 180 days after the applicable Grant Date. The period between the applicable Grant Date and the Vesting Date is referred to as the "Restricted Period".
- (b) Common Stock Issuance. Within 60 days after the Vesting Date for a Grant, General Mills shall issue to the Participant a number of shares of Common Stock equal to the number of shares of Restricted Stock or Restricted Stock Units that vested on such Vesting Date, except to the extent the Participant has elected to defer receipt of the Common Stock pursuant to the General Mills, Inc. Deferred Compensation Plan.
- (c) Dividends and Cash Dividend Equivalents. Subject to the restrictions set forth in Section 5(b), each Participant who receives Restricted Stock shall have all rights as a Stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. A Participant who is credited with Restricted Stock Units shall have no rights as a stockholder with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participant. During the Restricted Period, however, the Company shall pay to the Participant, on a quarterly basis, an amount (the "Cash Dividend Equivalent") equal to the sum of all cash dividends declared by General Mills with record dates during the prior quarter with respect to that number of shares of Common Stock equivalent to the number of Restricted Stock Units credited to the Participant's Restricted Stock Units Account as of the applicable record date.
- (d) Grant Agreement. Each Grant shall be confirmed by, and be subject to, the terms of an applicable Grant Agreement.

## 7. COMMON STOCK

- (a) Adjustments for Corporate Transactions. If a corporate transaction has occurred affecting the Common Stock such that an adjustment to outstanding awards is required to preserve (or prevent enlargement of) the benefits or potential benefits intended at the time of grant, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to (i) the number and kind of shares which may be awarded under the Plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the number of shares credited to an account; and, if applicable, (iv) the exercise price of outstanding Options; provided that the number of shares of Common Stock subject to any Option denominated in Common Stock shall always be a whole number. For this purpose a corporate transaction includes, but is not limited to, any dividend or other distribution (whether in the form of cash, Common Stock, securities of a subsidiary of the Company, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transactions.
- (b) Limits on Distribution. Notwithstanding any other provision of the Plan, the Company shall have no obligation to deliver any shares of Common Stock under the Plan unless all of the following conditions have been fulfilled:
  - (i) Listing or approval for listing upon notice of issuance, of such shares on the New York Stock Exchange; or such other securities exchange as may at the time be the principal market for the Common Stock, if applicable;





- (ii) Any registration or other qualification of such shares of General Mills under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification that the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and
  - (iii) Obtaining any other consent, approval or permit from any state, federal or foreign governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.
- (c) Noncertificated Issuance of Shares. To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock or Restricted Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

## 8. TRANSFERABILITY OF GRANTS

Except as otherwise provided by rules of the Committee, shares of Restricted Stock, Restricted Stock Units and other rights of Participants under this Plan shall not be transferable by a Participant otherwise than by (i) the Participant's last will and testament or (ii) by the applicable laws of descent and distribution.

## 9. TAXES

Whenever General Mills issues Common Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any federal, state or local tax withholding requirements prior to the delivery of such Common Stock, or, in the discretion of the Committee, the Company may withhold from the cash payments and shares to be delivered cash and shares, respectively, sufficient to satisfy all or a portion of such tax-withholding requirements.

## 10. CHANGE OF CONTROL

(a) Upon a Change of Control:

- (i) All shares of Restricted Stock shall immediately vest in full and Common Stock free of restrictions shall be delivered to Participants, effective as of the date of the Change of Control.
- (ii) If the Change of Control constitutes a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Participants' Restricted Stock Units shall fully vest and be settled upon such Change of Control.
- (iii) If the Change of Control does not constitute a "change in control" event as described in IRS regulations or other guidance under Code section 409A(a)(2)(A)(v), Restricted Stock Units that are not section 409A Restricted Stock Units and on which a deferral election was not made shall fully vest and be settled upon such Change of Control. However, the section 409A Restricted Stock Units, or Restricted Stock Units for which a proper deferral election was made, shall fully vest upon a Change of Control and be settled on the date the original restriction period would have closed, or the date elected pursuant to the proper deferral election, as applicable.
- (iv) The Committee may make such additional adjustments and/or settlements of outstanding Awards for the Performance Period within which the Change of Control occurs as it deems appropriate and consistent with the Plan's purposes; provided, however, that any such additional adjustments and/or settlements shall be in compliance with section 409A.

(b) "Change of Control" means the occurrence of any of the following events:

- (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act), (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of voting securities of General Mills where such acquisition causes such Person to own 20 percent or more of the combined voting power of the then outstanding voting securities of General Mills entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change of Control: (w) any acquisition directly from General Mills, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or

related trust) sponsored or maintained by General Mills or any corporation controlled by General Mills or (z) any acquisition by any corporation pursuant to a transaction that complies with clauses (x), (y) and (z) of subsection (iii) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Voting Securities reaches or exceeds 20 percent as a result of a transaction described in clause (w) or (x) above, and such Person subsequently acquires beneficial ownership of additional voting securities of General Mills, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20 percent or more of the Outstanding Voting Securities; or

- (ii) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of General Mills, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (iii) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of General Mills ("Business Combination"); excluding, however, such a Business Combination pursuant to which (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60 percent of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns General Mills or all or substantially all of the assets of General Mills either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Voting Securities, (y) no Person (excluding any employee benefit plan, or related trust, of General Mills or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination and (z) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- (iv) Approval by the stockholders of General Mills of a complete liquidation or dissolution of General Mills.

## 11. TERMINATION OF EMPLOYMENT

The following rules regarding the effect of a Participant's termination of employment on his or her Restricted Stock or Restricted Stock Units shall apply unless otherwise determined by the Committee.

- (a) If the Participant's employment by the Company is terminated by either:
  - (i) the voluntary resignation of the Participant or
  - (ii) a Company discharge due to Participant's illegal activities, poor work performance, misconduct or violation of the Company's policies or practices,

the Participant's shares of Restricted Stock or Restricted Stock Units, which are unvested on the date of termination, shall be forfeited.

- (b) If the Participant's employment by the Company is terminated for any reason other than specified in Section 11(a), (c), (d) or (e), the following rules shall apply:

- (i) In the event that, at the time of such termination, the sum of Participant's age and service with the Company equals or exceeds 70, the Participant's Restricted Stock and Restricted Stock Units shall fully vest and shall be paid (or deferred, as appropriate), immediately unless otherwise provided in the Grant Agreement.
- (ii) In the event that, at the time of such termination, the sum of Participant's age and service with the Company is less than 70, Restricted Stock and Restricted Stock Units shall vest in a pro-rata amount based on full months of employment completed during the Restricted Period from the date of grant to termination of employment and be paid (or deferred, as appropriate), immediately, and the Participant's remaining Restricted Stock and Restricted Stock Units shall be forfeited; except if the Participant is an executive officer of the Company, all Restricted Stock and Restricted Stock Units shall fully vest as of the date of termination.

Any section 409A Restricted Stock Units that vest under this provision shall be paid on the Participant's separation from service (within the meaning of Code section 409A), or in the case of a Participant who is a specified employee (within the meaning of Code section 409A) shall be paid on the first day of the seventh month following the month of separation from service.

- (c) Death. A Participant who dies during the Restricted Period for any Restricted Stock or Restricted Stock Units granted on or after June 1, 2002 shall fully vest in, and have settled, such shares of Restricted Stock or Restricted Stock Units, effective as of the date of death. A Participant who dies during the Restricted Period, for any Restricted Stock or Restricted Stock Units granted prior to June 1, 2002, shall vest in, and have settled, a proportionate number of such shares of Restricted Stock or Restricted Stock Units, effective as of the date of death. Such proportionate vesting shall be pro-rata, based on the number of full months of employment completed during the Restricted Period prior to the date of death, as a percentage of the applicable Restricted Period. All vested Awards pursuant to this paragraph shall be paid to the person(s) designated under the terms of Section 12(c) of this Plan.
- (d) Retirement. The Committee shall determine, at the time of a Grant, the treatment of the Restricted Stock or Restricted Stock Units upon the retirement of the Participant during the Restricted Period. Unless other terms are specified in the original Grant or the Grant Agreement, if the termination of employment is due to a Participant's separation from service (within the meaning of Code section 409A) on or after age 55, the Participant shall fully vest in, and be paid, all Restricted Stock or Restricted Stock Units effective as of the date of the separation from service (within the meaning of Code section 409A). Notwithstanding the previous sentence, in the case of a Participant who is a specified employee (within the meaning of Code section 409A) any Restricted Stock Units (not subject to a proper deferral election) shall be paid on the first day of the seventh month following the month of separation of service.

Restricted Stock Units that could vest upon retirement under this Section 11(d) at any time within the Award's Restricted Period shall be referred to as a "Section 409A Restricted Stock Unit".

- (e) Spin-offs. If the termination of employment during the Restricted Period for any Restricted Stock or Restricted Stock Units is due to the cessation, transfer or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the treatment of such Restricted Stock and Restricted Stock Units. Such treatment will be consistent with Code section 409A, and in particular will take into account whether a separation from service has occurred within the meaning of section 409A.

## 12. ADMINISTRATION OF THE PLAN

- (a) Administration. The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section 12, subject to the following:
  - (i) Subject to the provisions of the Plan, the Committee shall have the authority and discretion to select from among the eligible Company employees those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the Amounts covered by the grants, to establish the terms, conditions, restrictions, and other provisions of such Grants, and (subject to the restrictions imposed by Section 13) to cancel or suspend Grants. In making such determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems relevant.

- (ii) The Committee shall have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside the United States.
  - (iii) The Committee shall have the authority and discretion to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
  - (iv) Any interpretation of the Plan by the Committee and any decision made by it under the Plan shall be final and binding.
- (b) Delegation by Committee. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may delegate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
- (c) Designation of Beneficiary. Each Participant to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to receive any payment which under the terms of the Plan and the relevant Award Agreement may become payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. Such form may establish other rules as the Committee deems appropriate. If no beneficiary has been properly designated by a deceased Participant, or if all the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any payments under the Plan to such beneficiaries shall be made in equal shares, unless the Participant has expressly designated otherwise, in which case the payments shall be made in the shares designated by the Participant.

### 13. **AMENDMENTS OF THE PLAN**

The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board, where required, the Committee may at any time terminate, amend or suspend the operation of the Plan, provided that no action shall be taken by the Board or the Committee without the approval of the stockholders of General Mills which would amend the Maximum Amount that may be granted to any single Participant. No termination, modification, suspension or amendment of the Plan shall alter or impair the rights of any Participant pursuant to an outstanding Grant without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

### 14. **FOREIGN JURISDICTIONS**

It is intended that in lieu of awarding Restricted Stock, the Committee may grant Restricted Stock Units to employees of the Company who are subject to the laws of foreign jurisdictions and entitled to receive Awards under the Plan. In addition, the Committee may adopt, amend and terminate arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Grants under the Plan.

### 15. **NOTICE**

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

General Mills, Inc.  
Number One General Mills Boulevard  
Minneapolis, Minnesota 55426  
Attention: Corporate Compensation

## 16. DEFINITIONS

For purposes of this Plan, the following terms shall have the meanings set forth below.

“*1934 Act*” means the Securities Exchange Act of 1934.

“*Award*” is defined in Section 4.

“*Board*” means the Board of Directors of General Mills.

“*Business Combination*” is defined in Section 10(b)(iii).

“*Cash Dividend Equivalent*” is defined in Section 6(c).

“*Change of Control*” is defined in Section 10(b).

“*Committee*” means the Compensation Committee of the Board, or such other committee as the Board may from time to time select, provided that the Committee must at all times be composed of two or more members of the Board, each of whom qualifies as an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

“*Cash Bonuses*” means cash payments to Participants under this Plan.

“*Common Stock*” means the common stock, par value \$0.10 per share, of General Mills.

“*Company*” is defined in Section 1.

“*Fair Market Value*” of a share of Common Stock as of any given date equals the closing price of the Common Stock on the New York Stock Exchange on the applicable date.

“*General Mills*” is defined in Section 1.

“*Grant*” means a grant to an eligible employee of the opportunity to earn Awards under this Plan for any Performance Period pursuant to Section 5(b), including the awarding of Restricted Stock and crediting of Restricted Stock Units to a Restricted Stock Units Account.

“*Grant Agreement*” is defined in Section 6(d).

“*Grant Date*” is the first business day after the end of the applicable Performance Period.

“*Incumbent Board*” is defined in Section 10(b)(ii).

“*Maximum Amount*” is defined in Section 5(c).

“*Net Earnings*” means the Company’s earnings from continuing operations before unusual items and after taxes.

“*Outstanding Voting Securities*” is defined in Section 10(b)(i).

“*Participant*” is defined in Section 3.

“*Performance Period*” means a fiscal year of the Company, or such other period as the Committee may from time to time establish.

“*Person*” is defined in Section 10(b)(i).

“*Plan*” is defined in Section 1.

*“Restricted Period”* is defined in Section 6(a).

*“Restricted Stock”* is defined in Section 4.

*“Restricted Stock Unit” is defined in Section 4.*

*“Vesting Date” means the date on which Restricted Stock or Restricted Stock Units vest, pursuant to Sections 6, 10, or 11.*

## COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

In Millions, Except Ratios	Quarter Ended		Fiscal Year Ended				
	Aug. 29, 2010	Aug. 30, 2009	May 30, 2010	May 31, 2009	May 25, 2008	May 27, 2007	May 28, 2006
Earnings before income taxes and after-tax earnings from joint ventures	\$ 670.1	\$ 601.0	\$2,204.5	\$1,942.2	\$1,829.5	\$1,696.2	\$1,621.1
Distributed income of equity investees	21.5	16.8	88.0	68.5	108.7	45.2	77.4
Plus: Fixed charges (1)	106.4	102.8	423.1	463.4	494.6	496.8	462.8
Plus: Amortization of capitalized interest, net of interest capitalized	1.4	(0.4)	0.7	(2.2)	(2.0)	—	1.7
Earnings available to cover fixed charges	\$ 799.4	\$ 720.2	\$2,716.3	\$2,471.9	\$2,430.8	\$2,238.2	\$2,163.0
Ratio of earnings to fixed charges	7.51	6.71	6.42	5.33	4.91	4.51	4.67
(1) Fixed charges:							
Interest expense	\$ 93.8	\$ 95.3	\$ 374.5	\$ 409.5	\$ 432.0	\$ 396.6	\$ 367.0
Preferred distributions to noncontrolling interests	0.8	0.8	2.6	7.2	22.0	63.8	60.5
Rentals (1/3)	11.8	11.2	46.0	46.7	40.6	36.4	35.3
Total fixed charges	\$ 106.4	\$ 107.3	\$ 423.1	\$ 463.4	\$ 494.6	\$ 496.8	\$ 462.8

For purposes of computing the ratio of earnings to fixed charges, earnings represent earnings before income taxes and after-tax earnings of joint ventures, distributed income of equity investees, fixed charges, and amortization of capitalized interest, net of interest capitalized. Fixed charges represent gross interest expense (excluding interest on taxes) and subsidiary preferred distributions to noncontrolling interest holders, plus one-third (the proportion deemed representative of the interest factor) of rent expense.



I, Kendall J. Powell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 22, 2010

/s/ Kendall J. Powell

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

I, Donal L. Mulligan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 22, 2010

/s/ Donal L. Mulligan

Donal L. Mulligan  
Executive Vice President and  
Chief Financial Officer

I, Kendall J. Powell, Chairman of the Board and Chief Executive Officer of General Mills, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended August 29, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 22, 2010

/s/ Kendall J. Powell

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

I, Donal L. Mulligan, Executive Vice President and Chief Financial Officer of General Mills, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended August 29, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 22, 2010

/s/ Donal L. Mulligan

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Donal L. Mulligan  
Executive Vice President and  
Chief Financial Officer