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 November 26, 2017

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _________ TO _________

Commission file number: 001-01185

GENERAL MILLS, INC.
(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 December 11, 2017: 569,043,789 (excluding 185,569,539 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)

	Quarter Ended		Six-Month Period Ended	
	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016
Net sales	**$ 4,198.7**	$ 4,112.1	**$ 7,967.9**	$ 8,020.0
Cost of sales	**2,755.7**	2,592.6	**5,214.8**	5,083.6
Selling, general, and administrative expenses	**711.6**	708.1	**1,390.7**	1,420.3
Divestiture loss	**—**	13.5	**—**	13.5
Restructuring, impairment, and other exit costs	**1.6**	29.0	**6.8**	87.9
Operating profit	**729.8**	768.9	**1,355.6**	1,414.7
Interest, net	**74.9**	75.5	**147.3**	149.4
Earnings before income taxes and after-tax earnings from joint ventures	**654.9**	693.4	**1,208.3**	1,265.3
Income taxes	**234.9**	227.4	**403.4**	404.0
After-tax earnings from joint ventures	**23.8**	29.8	**47.5**	54.0
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**443.8**	495.8	**852.4**	915.3
Net earnings attributable to redeemable and noncontrolling interests	**13.3**	14.0	**17.2**	24.5
Net earnings attributable to General Mills	**$ 430.5**	$ 481.8	**$ 835.2**	$ 890.8
Earnings per share - basic	**$ 0.75**	$ 0.82	**$ 1.46**	$ 1.50
Earnings per share - diluted	**$ 0.74**	$ 0.80	**$ 1.43**	$ 1.47
Dividends per share	**$ 0.49**	$ 0.48	**$ 0.98**	$ 0.96

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Quarter Ended		Six-Month Period Ended	
	Nov. 26, 2017	**Nov. 27, 2016**	**Nov. 26, 2017**	**Nov. 27, 2016**
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$443.8**	$ 495.8	**$852.4**	$ 915.3
Other comprehensive income (loss), net of tax:				
Foreign currency translation	**(42.0)**	(105.7)	**19.5**	(25.3)
Other fair value changes:				
Securities	**0.5**	(0.1)	**0.8**	0.3
Hedge derivatives	**(0.1)**	32.1	**(8.9)**	47.3
Reclassification to earnings:				
Hedge derivatives	**0.8**	(7.8)	**0.6**	(10.6)
Amortization of losses and prior service costs	**27.9**	31.8	**55.7**	62.4
Other comprehensive income (loss), net of tax	**(12.9)**	(49.7)	**67.7**	74.1
Total comprehensive income	**430.9**	446.1	**920.1**	989.4
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	**12.8**	(43.5)	**84.8**	(36.7)
Comprehensive income attributable to General Mills	**$418.1**	$ 489.6	**$835.3**	$1,026.1

See accompanying notes to consolidated financial statements.

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

	Nov. 26, 2017 (Unaudited)	May 28, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 962.1**	$ 766.1
Receivables	**1,510.5**	1,430.1
Inventories	**1,516.5**	1,483.6
Prepaid expenses and other current assets	**345.0**	381.6
Total current assets	**4,334.1**	4,061.4
Land, buildings, and equipment	**3,631.4**	3,687.7
Goodwill	**8,828.3**	8,747.2
Other intangible assets	**4,581.8**	4,530.4
Other assets	**815.9**	785.9
Total assets	**$22,191.5**	$21,812.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 2,467.0**	$ 2,119.8
Current portion of long-term debt	**200.5**	604.7
Notes payable	**1,298.0**	1,234.1
Other current liabilities	**1,384.0**	1,372.2
Total current liabilities	**5,349.5**	5,330.8
Long-term debt	**8,228.3**	7,642.9
Deferred income taxes	**1,790.9**	1,719.4
Other liabilities	**1,439.7**	1,523.1
Total liabilities	**16,808.4**	16,216.2
Redeemable interest	**793.4**	910.9
Stockholders' equity:		
Common stock, 754.6 shares issued, $0.10 par value	**75.5**	75.5
Additional paid-in capital	**1,243.3**	1,120.9
Retained earnings	**13,408.9**	13,138.9
Common stock in treasury, at cost, shares of 186.0 and 177.7	**(8,252.6)**	(7,762.9)
Accumulated other comprehensive loss	**(2,244.4)**	(2,244.5)
Total stockholders' equity	**4,230.7**	4,327.9
Noncontrolling interests	**359.0**	357.6
Total equity	**4,589.7**	4,685.5
Total liabilities and equity	**$22,191.5**	$21,812.6

See accompanying notes to consolidated financial statements.

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

	$.10 Par Value Common Stock (One Billion Shares Authorized)									
	Issued			Treasury						
	Shares	Par Amount	Additional Paid-In Capital	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity	Redeemable Interest
Balance as of May 29, 2016	754.6	$ 75.5	$1,177.0	(157.8)	$(6,326.6)	$12,616.5	$ (2,612.2)	$ 376.9	$ 5,307.1	$ 845.6
Total comprehensive income						1,657.5	367.7	13.8	2,039.0	17.2
Cash dividends declared ($1.92 per share)						(1,135.1)			(1,135.1)	
Shares purchased				(25.4)	(1,651.5)				(1,651.5)	
Stock compensation plans (includes income tax benefits of $64.1)			3.6	5.5	215.2				218.8	
Unearned compensation related to restricted stock unit awards			(78.5)						(78.5)	
Earned compensation			94.9						94.9	
Increase in redemption value of redeemable interest			(75.9)						(75.9)	75.9
Acquisition of interest in subsidiary			(0.2)					0.1	(0.1)	
Distributions to noncontrolling and redeemable interest holders								(33.2)	(33.2)	(27.8)
Balance as of May 28, 2017	754.6	75.5	1,120.9	(177.7)	(7,762.9)	13,138.9	(2,244.5)	357.6	4,685.5	910.9
Total comprehensive income						835.2	0.1	28.1	863.4	56.7
Cash dividends										

declared ($0.98 per share)						(565.2)			(565.2)	
Shares purchased				(10.9)	(600.5)				(600.5)	
Stock compensation plans (includes income tax benefits of $20.2)			(20.6)	2.6	110.8				90.2	
Unearned compensation related to restricted stock unit awards			(61.2)						(61.2)	
Earned compensation			48.6						48.6	
Decrease in redemption value of redeemable interest			155.6						155.6	(155.6)
Distributions to noncontrolling and redeemable interest holders								(26.7)	(26.7)	(18.6)
Balance as of Nov. 26, 2017	**754.6**	**$ 75.5**	**$1,243.3**	**(186.0)**	**$(8,252.6)**	**$13,408.9**	**$ (2,244.4)**	**$ 359.0**	**$ 4,589.7**	**$ 793.4**

See accompanying notes to consolidated financial statements.

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

	Six-Month Period Ended	
	Nov. 26, 2017	**Nov. 27, 2016**
Cash Flows - Operating Activities		
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 852.4**	$ 915.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**290.8**	301.1
After-tax earnings from joint ventures	**(47.5)**	(54.0)
Distributions of earnings from joint ventures	**45.1**	31.9
Stock-based compensation	**48.2**	56.2
Deferred income taxes	**70.2**	94.6
Pension and other postretirement benefit plan contributions	**(12.6)**	(22.6)
Pension and other postretirement benefit plan costs	**2.4**	17.9
Divestiture loss	**—**	13.5
Restructuring, impairment, and other exit costs	**(7.4)**	71.0
Changes in current assets and liabilities	**362.3**	(340.9)
Other, net	**(37.1)**	(5.3)
Net cash provided by operating activities	**1,566.8**	1,078.7
Cash Flows - Investing Activities		
Purchases of land, buildings, and equipment	**(260.0)**	(318.3)
Investments in affiliates, net	**(7.4)**	(7.7)
Proceeds from disposal of land, buildings, and equipment	**0.6**	0.4
Proceeds from divestiture	**—**	17.5
Exchangeable note	**—**	13.0
Other, net	**(3.9)**	15.1
Net cash used by investing activities	**(270.7)**	(280.0)
Cash Flows - Financing Activities		
Change in notes payable	**53.1**	1,164.5
Issuance of long-term debt	**500.0**	—
Payment of long-term debt	**(500.1)**	(0.1)
Proceeds from common stock issued on exercised options	**50.6**	77.0
Purchases of common stock for treasury	**(600.5)**	(1,349.9)
Dividends paid	**(565.2)**	(575.5)
Distributions to noncontrolling and redeemable interest holders	**(45.3)**	(4.6)
Other, net	**(23.6)**	(31.4)
Net cash used by financing activities	**(1,131.0)**	(720.0)
Effect of exchange rate changes on cash and cash equivalents	**30.9**	(32.7)
Increase in cash and cash equivalents	**196.0**	46.0
Cash and cash equivalents - beginning of year	**766.1**	763.7
Cash and cash equivalents - end of period	**$ 962.1**	$ 809.7
Cash Flow from changes in current assets and liabilities:		
Receivables	**$ (53.9)**	$ (45.3)
Inventories	**(15.6)**	(120.7)
Prepaid expenses and other current assets	**42.3**	(2.3)
Accounts payable	**377.0**	(19.9)
Other current liabilities	**12.5**	(152.7)

Changes in current assets and liabilities	**$ 362.3**	$ (340.9)

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, including the elimination of all intercompany transactions and any noncontrolling and redeemable interests' share of those transactions. Operating results for the quarter ended November 26, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending May 27, 2018.

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 28, 2017. 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 with the exception of the new accounting requirements adopted in the first quarter of fiscal 2018 for stock-based payments and goodwill impairment testing. See Note 16 to the Consolidated Financial Statements in Part I, Item 1 of this report for additional information. Certain terms used throughout this report are defined in the "Glossary" section below.

In the second quarter of fiscal 2018, we recorded an adjustment related to a prior year which increased income tax expense and total liabilities by $42.2 million in our Consolidated Financial Statements. We determined the adjustment to be immaterial to our estimated Consolidated Statements of Earnings for the fiscal year ended May 27, 2018.

(2) Divestiture

During the second quarter of fiscal 2017, we sold our Martel, Ohio manufacturing facility in our Convenience Stores & Foodservice segment and simultaneously entered into a co-packing arrangement with the purchaser. We received $17.5 million in cash, and recorded a pre-tax loss of $13.5 million.

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(3) Restructuring Initiatives

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

In Millions	Quarter Ended Nov. 26, 2017					Quarter Ended Nov. 27, 2016				
	Severance	Asset Write-offs	Accelerated Depreciation	Other	Total	Severance	Asset Write-offs	Accelerated Depreciation	Other	Total
Global reorganization	$ 0.2	$ 0.5	$ —	$ (0.1)	$ 0.6	$ —	$ —	$ —	$ —	$ —
Closure of Melbourne, Australia plant	—	—	0.6	2.2	2.8	11.3	—	0.7	—	12.0
Restructuring of certain international product lines	—	—	—	—	—	4.1	2.2	(0.3)	0.9	6.9
Closure of Vineland, New Jersey plant	(2.4)	8.8	—	(7.7)	(1.3)	(0.1)	—	7.0	0.1	7.0
Project Compass	—	—	—	—	—	—	—	—	—	—
Project Century	—	4.8	—	(4.7)	0.1	0.2	5.0	5.4	5.3	15.9
Total	$ (2.2)	$14.1	$ 0.6	$(10.3)	$ 2.2	$ 15.5	$ 7.2	$ 12.8	$ 6.3	$ 41.8

In Millions	Six-Month Period Ended Nov. 26, 2017					Six-Month Period Ended Nov. 27, 2016				
	Severance	Asset Write-offs	Accelerated Depreciation	Other	Total	Severance	Asset Write-offs	Accelerated Depreciation	Other	Total
Global reorganization	$ 0.6	$ 0.6	$ —	$ 0.2	$ 1.4	$ —	$ —	$ —	$ —	$ —
Closure of Melbourne, Australia plant	0.6	—	2.1	2.2	4.9	11.3	—	0.7	—	12.0
Restructuring of certain international product lines	—	—	—	—	—	6.4	35.8	(0.3)	1.4	43.3
Closure of Vineland, New Jersey plant	(2.2)	8.9	10.6	(5.2)	12.1	12.3	—	14.0	1.6	27.9
Project Compass	(0.2)	—	—	—	(0.2)	—	—	0.2	0.8	1.0
Project Century	0.1	5.7	—	(4.3)	1.5	0.5	8.1	14.6	6.9	30.1
Total	$ (1.1)	$15.2	$ 12.7	$ (7.1)	$19.7	$ 30.5	$43.9	$ 29.2	$10.7	$114.3

In the third quarter of fiscal 2017, we approved restructuring actions designed to better align our organizational structure with our strategic initiatives. This action will affect approximately 600 positions and we expect to incur approximately $76 million of net expenses relating to these actions, all of which will be cash. We recorded $0.6 million of restructuring charges in the second quarter of fiscal 2018 and $1.4 million in the six-month period ended November 26, 2017 relating to these actions. We expect these actions to be completed by the end of fiscal 2018.

In the second quarter of fiscal 2017, we notified the employees and their representatives of our decision to close our pasta manufacturing facility in Melbourne, Australia in our Europe & Australia segment to improve our margin structure. This action will affect approximately 350 positions, and we expect to incur approximately $34 million of net expenses relating to this action, of which approximately $3 million will be cash. We recorded $2.8 million of restructuring charges in the second quarter of fiscal 2018 and $4.9 million in the six-month period ended November 26, 2017 relating to this action. We recorded $12.0 million of restructuring charges in the second quarter of fiscal 2017 and $12.0 million in the six-month period ended November 27, 2016. We expect this action to be completed by the end of fiscal 2019.

In the first quarter of fiscal 2017, we announced a plan to restructure certain product lines in our Asia & Latin America segment. To eliminate excess capacity, we closed our snacks manufacturing facility in Marília, Brazil and ceased production operations for meals and snacks at our facility in São Bernardo do Campo, Brazil. We also ceased production of certain underperforming snack products at our facility in Nanjing, China. These and other actions will affect approximately 420 positions in our Brazilian operations and approximately 440 positions in our greater China operations. We expect to incur approximately $42 million of net expenses related to these actions, most of which will be non-cash. There have been no restructuring charges in fiscal 2018 relating to these actions. We recorded $6.9 million of restructuring charges in the second quarter of fiscal 2017 and $43.3 million in the six-month period ended November 27, 2016. We expect these actions to be completed by the end of fiscal 2019.

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In the first quarter of fiscal 2017, we approved a plan to close our Vineland, New Jersey facility to eliminate excess soup capacity in our North America Retail segment. This action affected 380 positions, and we expect to incur approximately $54 million of net expenses relating to this action, of which approximately $11 million will be cash. We recorded a net gain of $1.3 million primarily related to the sale of assets in the second quarter of fiscal 2018 and $12.1 million of restructuring charges in the six-month period ended November 26, 2017. We recorded $7.0 million of restructuring expenses in the second quarter of fiscal 2017 and $27.9 million in the six-month period ended November 27, 2016. We expect this action to be completed by the end of fiscal 2018.

During the six-month period ended November 26, 2017, we paid $27.1 million in cash relating to restructuring initiatives and $43.3 million in the six-month period ended November 27, 2016.

In addition to restructuring charges, we recorded $4.2 million of project-related costs in cost of sales in the second quarter of fiscal 2018 and $5.4 million in the six-month period ended November 26, 2017. We paid $5.0 million in cash in the six-month period ended November 26, 2017 for project-related costs. We expect to incur approximately $8 million of project-related costs in future periods related to our restructuring initiatives.

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

	Quarter Ended		Six-Month Period Ended	
In Millions	**Nov. 26, 2017**	**Nov. 27, 2016**	**Nov. 26, 2017**	**Nov. 27, 2016**
Cost of sales	**$ 0.6**	$ 12.8	**$ 12.9**	$ 26.4
Restructuring, impairment, and other exit costs	**1.6**	29.0	**6.8**	87.9
Total restructuring charges	**2.2**	41.8	**19.7**	114.3
Project-related costs classified in cost of sales	**$ 4.2**	$ 11.1	**$ 5.4**	$ 24.9

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

In Millions	**Severance**	**Contract Termination**	**Other Exit Costs**	**Total**
Reserve balance as of May 28, 2017	$ 81.8	$ 0.7	$ 2.5	$ 85.0
Fiscal 2018 charges, including foreign currency translation	(2.0)	0.2	0.4	(1.4)
Utilized in fiscal 2018	(35.5)	(0.7)	(0.8)	(37.0)
Reserve balance as of Nov. 26, 2017	**$ 44.3**	**$ 0.2**	**$ 2.1**	**$ 46.6**

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

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(4) Goodwill and Other Intangible Assets

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

In Millions	Nov. 26, 2017	May 28, 2017
Goodwill	**$ 8,828.3**	$ 8,747.2
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	**4,203.4**	4,161.1
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	**555.2**	524.8
Less accumulated amortization	**(176.8)**	(155.5)
Intangible assets subject to amortization, net	**378.4**	369.3
Other intangible assets	**4,581.8**	4,530.4
Total	**$13,410.1**	$13,277.6

Based on the carrying value of finite-lived intangible assets as of November 26, 2017, annual amortization expense for each of the next five fiscal years is estimated to be approximately $27 million.

During the third quarter of fiscal 2017, we announced a new global organization structure to streamline our leadership, enhance global scale, and drive improved operational agility to maximize our growth capabilities. As a result of this global reorganization, we reassessed our operating segments as well as our reporting units. Under our new organization structure, our chief operating decision maker assesses performance and makes decisions about resources to be allocated to our segments at the North America Retail, Convenience Stores & Foodservice, Europe & Australia, and Asia & Latin America operating segment level. See Note 15 for additional information on our operating segments. Our reporting units were unchanged with the exception of combining our former U.S. Meals and U.S. Baking reporting units into a single reporting unit.

The changes in the carrying amount of goodwill during fiscal 2018 were as follows:

In Millions	North America Retail	Convenience Stores & Foodservice	Europe & Australia	Asia & Latin America	Joint Ventures	Total
Balance as of May 28, 2017	$6,406.5	$ 918.8	$ 700.8	$ 312.4	$408.7	$8,747.2
Other activity, primarily foreign currency translation	6.5	—	43.5	3.7	27.4	81.1
Balance as of Nov. 26, 2017	**$6,413.0**	**$ 918.8**	**$ 744.3**	**$ 316.1**	**$436.1**	**$8,828.3**

The changes in the carrying amount of other intangible assets during fiscal 2018 were as follows:

In Millions	Total
Balance as of May 28, 2017	$4,530.4
Other activity, primarily foreign currency translation	51.4
Balance as of Nov. 26, 2017	**$4,581.8**

Our annual goodwill and indefinite-lived intangible assets impairment test was performed on the first day of the second quarter of fiscal 2018 and we determined there was no impairment of our intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Yoki* and *Progresso* brand intangible assets and the Latin America reporting unit.

The excess fair value as of the fiscal 2018 test date of the *Yoki* and *Progresso* brand intangible assets and the Latin America reporting unit is as follows:

In Millions	Carrying Value of Intangible Asset	Excess Fair Value as of Fiscal 2018 Test Date
Yoki	$ 138.2	1%
Progresso	462.1	6%
Latin America	$ 272.0	21%

In addition, while having significant coverage as of our fiscal 2018 assessment date, the *Food Should Taste Good* and *Green Giant* brand intangible assets and the U.S. Yogurt reporting unit had risk of decreasing coverage. We will continue to monitor these businesses for potential impairment.

(5) Inventories

The components of inventories were as follows:

In Millions	Nov. 26, 2017	May 28, 2017
Raw materials and packaging	**$ 400.7**	$ 395.4
Finished goods	**1,211.6**	1,224.3
Grain	**118.9**	73.0
Excess of FIFO over LIFO cost	**(214.7)**	(209.1)
Total	**$1,516.5**	$1,483.6

(6) Risk Management Activities

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

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

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

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Unallocated corporate items for the quarters ended November 26, 2017 and November 27, 2016 included:

In Millions	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 27, 2016	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Net gain (loss) on mark-to-market valuation of certain commodity positions	**$ (0.6)**	$ 3.0	**$ (8.4)**	$(15.9)
Net loss on commodity positions reclassified from unallocated corporate items to segment operating profit	**2.5**	14.4	**6.1**	23.7
Net mark-to-market revaluation of certain grain inventories	**2.6**	11.7	**8.6**	4.7
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	**$ 4.5**	$ 29.1	**$ 6.3**	$ 12.5

As of November 26, 2017, the net notional value of commodity derivatives was $96.9 million, of which $36.6 million related to energy inputs and $60.3 million related to agricultural inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

In advance of planned debt financing, in fiscal 2018, we entered into $500.0 million of treasury locks due October 15, 2017 with an average fixed rate of 1.8 percent. All of these treasury locks were cash settled for $3.7 million during the second quarter of fiscal 2018, concurrent with the issuance of our $500.0 million 5-year fixed-rate notes.

In advance of planned debt financing, during the third quarter of fiscal 2016 and the first quarter of fiscal 2017, we entered into $400.0 million and $100.0 million, respectively, of treasury locks due February 15, 2017 with an average fixed rate of 2.0 percent. All of these treasury locks were cash settled for $17.2 million during the third quarter of fiscal 2017, concurrent with the issuance of our $750.0 million 10-year fixed-rate notes.

The fair values of the derivative positions used in our risk management activities and other assets recorded at fair value were not material as of November 26, 2017, and were Level 1 or Level 2 assets and liabilities in the fair value hierarchy. We did not significantly change our valuation techniques from prior periods.

We offer certain suppliers access to third party services that allow them to view our scheduled payments online. The third party services also allow suppliers to finance advances on our scheduled payments at the sole discretion of the supplier and the third party. We have no economic interest in these financing arrangements and no direct relationship with the suppliers, the third parties, or any financial institutions concerning these services. All of our accounts payable remain as obligations to our suppliers as stated in our supplier agreements. As of November 26, 2017, $873.5 million of our total accounts payable were payable to suppliers who utilize these third party services.

(7) Debt

The components of notes payable were as follows:

In Millions	Nov. 26, 2017	May 28, 2017
U.S. commercial paper	**$ 997.7**	$ 954.7
Financial institutions	**300.3**	279.4
Total	**$1,298.0**	$1,234.1

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

The following table details the fee-paid committed and uncommitted credit lines we had available as of November 26, 2017:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
May 2022	$ 2.7	$ —
June 2019	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.5	0.2
Total committed and uncommitted credit facilities	$ 3.4	$ 0.3

The credit facilities contain covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times. We were in compliance with all credit facility covenants as of November 26, 2017.

Long-Term Debt

The fair values and carrying amounts of long-term debt, including the current portion, were $8,735.5 million and $8,428.8 million, respectively, as of November 26, 2017. The fair value of long-term debt was estimated using market quotations and discounted cash flows based on our current incremental borrowing rates for similar types of instruments. Long-term debt is a Level 2 liability in the fair value hierarchy.

In October 2017, we issued $500.0 million principal amount of 2.6 percent fixed-rate notes due October 12, 2022. Interest on the notes is payable semi-annually in arrears. We may redeem the notes in whole, or in part, at any time at the applicable redemption price. The notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds, together with cash on hand, were used to repay $500.0 million of 1.4 percent fixed-rate notes.

In March 2017, we issued €300.0 million principal amount of floating-rate notes due March 20, 2019. Interest on the notes is payable quarterly in arrears. The notes are not generally redeemable prior to maturity. These notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used to repay a portion of our outstanding commercial paper.

In February 2017, we repaid $1.0 billion of 5.7 percent fixed-rate notes.

In January 2017, we issued $750.0 million principal amount of 3.2 percent fixed-rate notes due February 10, 2027. Interest on the notes is payable semi-annually in arrears. We may redeem the notes in whole, or in part, at any time at the applicable redemption price. The notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used to repay a portion of our maturing long-term debt.

Certain of our long-term debt agreements contain restrictive covenants. As of November 26, 2017, we were in compliance with all of these covenants.

(8) Redeemable and Noncontrolling Interests

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal International (Sodiaal) holds the remaining interests in each of the entities. On the acquisition date, we recorded the $904.4 million fair value of Sodiaal's 49 percent euro-denominated interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. Sodiaal has the ability to put all or a portion of its redeemable interest to us at fair value once per year, up to three times before December 2024. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest's redemption value, which approximates its fair value. Yoplait SAS pays dividends annually if it meets certain financial metrics set forth in its shareholders' agreement. As of November 26, 2017, the redemption value of the euro-denominated redeemable interest was $793.4 million.

A subsidiary of Yoplait SAS has an exclusive milk supply agreement for its European operations with Sodiaal through July 1, 2021. Net purchases totaled $112.3 million for the six-month period ended November 26, 2017 and $86.2 million for the six-month period ended November 27, 2016.

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

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

Our noncontrolling interests contain restrictive covenants. As of November 26, 2017, we were in compliance with all of these covenants.

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(9) Stockholders' Equity

The following tables provide details of total comprehensive income:

In Millions	Quarter Ended Nov. 26, 2017 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net	Quarter Ended Nov. 27, 2016 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$430.5**	**$ 4.5**	**$ 8.8**			$481.8	$ 6.0	$ 8.0
Other comprehensive income (loss):										
Foreign currency translation	**$(43.3)**	**$ —**	**(43.3)**	**0.6**	**0.7**	$(49.6)	$ —	(49.6)	(18.0)	(38.1)
Other fair value changes:										
Securities	**0.9**	**(0.4)**	**0.5**	**—**	**—**	(0.1)	—	(0.1)	—	—
Hedge derivatives	**3.5**	**(2.5)**	**1.0**	**—**	**(1.1)**	48.5	(16.0)	32.5	—	(0.4)
Reclassification to earnings:										
Hedge derivatives (a)	**2.5**	**(1.0)**	**1.5**	**—**	**(0.7)**	(7.0)	0.2	(6.8)	—	(1.0)
Amortization of losses and prior service costs (b)	**43.8**	**(15.9)**	**27.9**	**—**	**—**	51.4	(19.6)	31.8	—	—
Other comprehensive income (loss)	**$ 7.4**	**$(19.8)**	**(12.4)**	**0.6**	**(1.1)**	$ 43.2	$(35.4)	7.8	(18.0)	(39.5)
Total comprehensive income (loss)			**$418.1**	**$ 5.1**	**$ 7.7**			$489.6	$ (12.0)	$ (31.5)

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

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

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In Millions	Six-Month Period Ended Nov. 26, 2017 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net	Six-Month Period Ended Nov. 27, 2016 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$835.2**	**$ 6.0**	**$ 11.2**			$ 890.8	$ 7.8	$ 16.7
Other comprehensive income (loss):										
Foreign currency translation	**$(48.6)**	**$ —**	**(48.6)**	**22.1**	**46.0**	$ 37.0	$ —	37.0	(15.2)	(47.1)
Other fair value changes:										
Securities	**1.3**	**(0.5)**	**0.8**	**—**	**—**	0.5	(0.2)	0.3	—	—
Hedge derivatives	**(12.2)**	**2.7**	**(9.5)**	**—**	**0.6**	58.7	(14.1)	44.6	—	2.7
Reclassification to earnings:										
Hedge derivatives (a)	**3.3**	**(1.6)**	**1.7**	**—**	**(1.1)**	(8.6)	(0.4)	(9.0)	—	(1.6)
Amortization of losses and prior service costs (b)	**87.6**	**(31.9)**	**55.7**	**—**	**—**	100.8	(38.4)	62.4	—	—
Other comprehensive income (loss)	**$ 31.4**	**$(31.3)**	**0.1**	**22.1**	**45.5**	$188.4	$(53.1)	135.3	(15.2)	(46.0)
Total comprehensive income (loss)			**$835.3**	**$ 28.1**	**$ 56.7**			$1,026.1	$ (7.4)	$ (29.3)

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

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

In Millions	Nov. 26, 2017	May 28, 2017
Foreign currency translation adjustments	**$ (673.3)**	$ (624.7)
Unrealized gain (loss) from:		
Securities	**5.4**	4.6
Hedge derivatives	**(6.3)**	1.5
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	**(1,588.8)**	(1,645.4)
Prior service credits	**18.6**	19.5
Accumulated other comprehensive loss	**$(2,244.4)**	$(2,244.5)

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(10) Stock Plans

We have various stock-based compensation programs under which awards, including stock options, restricted stock, restricted stock units, and performance awards, may be granted to employees and non-employee directors. These programs and related accounting are described in Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 28, 2017, and Note 16 to the Consolidated Financial Statements in Part I, Item 1 of this report.

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

	Quarter Ended		Six-Month Period Ended	
In Millions	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016
Compensation expense related to stock-based payments	**$ 19.3**	**$ 18.6**	**$ 48.9**	$ 57.6

Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings includes amounts recognized in restructuring, impairment, and other exit costs in fiscal 2017 and fiscal 2018.

As of November 26, 2017, unrecognized compensation expense related to non-vested stock options, restricted stock units, and performance share units was $128.4 million. This expense will be recognized over 25 months, on average.

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

	Six-Month Period Ended	
In Millions	Nov. 26, 2017	Nov. 27, 2016
Net cash proceeds	**$ 50.6**	$ 77.0
Intrinsic value of options exercised	**$ 46.0**	$131.9

We estimate the fair value of each stock option on the grant date using a Black-Scholes option-pricing model. Black-Scholes option-pricing models require us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, and dividend yield. We estimate our future stock price volatility using the historical volatility over the expected term of the option, excluding time periods of volatility we believe a marketplace participant would exclude in estimating our stock price volatility. We also have considered, but did not use, implied volatility in our estimate, because trading activity in options on our stock, especially those with tenors of greater than 6 months, is insufficient to provide a reliable measure of expected volatility. Our method of selecting the other valuation assumptions is explained in Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 28, 2017.

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

	Six-Month Period Ended	
	Nov. 26, 2017	Nov. 27, 2016
Estimated fair values of stock options granted	**$ 6.18**	$ 8.80
Assumptions:		
Risk-free interest rate	**2.2%**	1.7%
Expected term	**8.2 years**	8.5 years
Expected volatility	**15.8%**	17.8%

Dividend yield	**3.6%**	2.9%

Information on stock option activity follows:

	Options Outstanding (Thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions)
Balance as of May 28, 2017	29,834.4	$ 40.47		
Granted	2,816.7	55.52		
Exercised	(1,930.2)	31.13		
Forfeited or expired	(85.4)	58.11		
Outstanding as of Nov. 26, 2017	**30,635.5**	**$ 42.40**	**4.47**	**$ 384.7**
Exercisable as of Nov. 26, 2017	**21,551.0**	**$ 35.81**	**2.88**	**$ 384.7**

Information on restricted stock and performance share unit activity follows:

	Equity Classified		Liability Classified	
	Share-Settled Units (Thousands)	Weighted-Average Grant-Date Fair Value	Share-Settled Units (Thousands)	Weighted-Average Grant-Date Fair Value
Non-vested as of May 28, 2017	4,491.2	$ 56.08	123.3	$ 56.93
Granted	1,448.4	55.34	43.0	55.49
Vested	(1,509.5)	49.80	(35.8)	49.36
Forfeited	(330.0)	63.98	(8.2)	58.91
Non-vested as of Nov. 26, 2017	**4,100.1**	**$ 57.49**	**122.3**	**$ 58.34**

The total grant date fair value of restricted stock unit awards that vested during the period follows:

	Six-Month Period Ended	
In Millions	Nov. 26, 2017	Nov. 27, 2016
Total grant date fair value	**$ 77.0**	$ 59.6

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(11) Earnings Per Share

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

In Millions, Except per Share Data	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 27, 2016	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Net earnings attributable to General Mills	**$430.5**	$481.8	**$835.2**	$890.8
Average number of common shares - basic EPS	**571.3**	588.8	**574.0**	594.4
Incremental share effect from: (a)				
Stock options	**7.0**	8.1	**7.6**	8.8
Restricted stock, restricted stock units, and other	**2.0**	2.8	**2.0**	2.8
Average number of common shares - diluted EPS	**580.3**	599.7	**583.6**	606.0
Earnings per share - basic	**$ 0.75**	$ 0.82	**$ 1.46**	$ 1.50
Earnings per share - diluted	**$ 0.74**	$ 0.80	**$ 1.43**	$ 1.47

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

In Millions	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 27, 2016	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Anti-dilutive stock options, restricted stock units, and performance share units	**9.2**	2.5	**7.5**	2.2

(12) Share Repurchases

Share repurchases were as follows:

In Millions	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 27, 2016	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Shares of common stock	**—**	14.9	**10.9**	20.5
Aggregate purchase price	**$ 0.2**	$950.2	**$600.5**	$1,349.9

(13) Statements of Cash Flows

Our Consolidated Statements of Cash Flows include the following:

In Millions	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Net cash interest payments	**$ 133.7**	$ 141.9
Net income tax payments	**$ 333.0**	$ 290.8

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(14) Retirement and Postemployment Benefits

In fiscal 2017, we changed the method used to estimate the service and interest cost components of the net periodic benefit expense for our United States and most of our international defined benefit pension, other postretirement benefit, and postemployment benefit plans. We adopted a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation to the relevant projected cash flows. This method provides a more precise measurement of service and interest costs by correlating the timing of the plans' liability cash flows to the corresponding rate on the yield curve.

Components of net periodic benefit expense are as follows:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Quarter Ended		Quarter Ended		Quarter Ended	
In Millions	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016
Service cost	**$ 25.7**	$ 30.0	**$ 2.9**	$ 3.1	**$ 2.2**	$ 2.2
Interest cost	**54.5**	54.1	**7.6**	7.9	**0.5**	0.7
Expected return on plan assets	**(120.1)**	(121.7)	**(13.1)**	(12.1)	**—**	—
Amortization of losses	**44.1**	47.6	**0.2**	0.7	**0.2**	0.5
Amortization of prior service costs (credits)	**0.5**	0.6	**(1.3)**	(1.3)	**0.1**	0.1
Other adjustments	**—**	2.1	**—**	1.3	**3.4**	3.4
Settlement or curtailment losses	**—**	2.9	**—**	0.7	**—**	—
Net expense (income)	**$ 4.7**	$ 15.6	**$ (3.7)**	$ 0.3	**$ 6.4**	$ 6.9

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Six-Month Period Ended		Six-Month Period Ended		Six-Month Period Ended	
In Millions	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016	Nov. 26, 2017	Nov. 27, 2016
Service cost	**$ 51.4**	$ 60.0	**$ 5.8**	$ 6.2	**$ 4.3**	$ 4.4
Interest cost	**108.9**	108.3	**15.2**	16.0	**1.1**	1.4
Expected return on plan assets	**(240.0)**	(243.5)	**(26.1)**	(24.2)	**—**	—
Amortization of losses	**88.2**	95.0	**0.4**	1.3	**0.4**	0.9
Amortization of prior service costs (credits)	**1.0**	1.2	**(2.7)**	(2.6)	**0.3**	0.3
Other adjustments	**—**	2.1	**—**	1.3	**6.8**	6.8
Settlement or curtailment losses	**—**	4.4	**—**	0.7	**—**	—
Net expense (income)	**$ 9.5**	$ 27.5	**$ (7.4)**	$ (1.3)	**$ 12.9**	$ 13.8

(15) Business Segment Information

We operate in the consumer foods industry. In the third quarter of fiscal 2017, we announced a new global organization structure to streamline our leadership, enhance global scale, and drive improved operational agility to maximize our growth capabilities. This global reorganization required us to reevaluate our operating segments. Under our new organization structure, our chief operating decision maker assesses performance and makes decisions about resources to be allocated to our operating segments as follows: North America Retail; Convenience Stores & Foodservice; Europe & Australia; and Asia & Latin America.

We have restated our net sales by segment and segment operating profit to reflect our new operating segments. These segment changes had no effect on previously reported consolidated net sales, operating profit, net earnings attributable to General Mills, or earnings per share.

Our North America Retail operating segment consists of our former U.S. Retail operating units and our Canada region. Within our North America Retail operating segment, our former U.S. Meals operating unit and U.S. Baking operating unit have been combined into one operating unit: U.S. Meals & Baking. The segment reflects business with a wide variety of grocery stores, mass merchandisers, membership stores, natural food chains, drug, dollar and discount chains, and e-commerce grocery providers. Our product categories in this business segment are ready-to-eat cereals, refrigerated yogurt, soup, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, grain, fruit and savory snacks, and a wide variety of organic products including refrigerated yogurt, nutrition bars, meal kits, salty snacks, ready-to-eat cereal, and grain snacks.

Our Europe & Australia operating segment consists of our former Europe region. The segment reflects retail and foodservice businesses in the greater Europe and Australia regions. Our product categories include refrigerated yogurt, meal kits, super-premium ice cream, refrigerated and frozen dough products, shelf stable vegetables, grain snacks, and dessert and baking mixes. We also sell super-premium ice cream directly to consumers through owned retail shops. Revenues from franchise fees are reported in the region or country where the end customer is located.

Our Convenience Stores & Foodservice operating segment was unchanged. Our major product categories in this segment are ready-to-eat cereals, snacks, refrigerated yogurt, frozen meals, unbaked and fully baked frozen dough products, and baking mixes. 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 in the United States.

Our Asia & Latin America operating segment consists of our former Asia/Pacific and Latin America regions. The segment consists of retail and foodservice businesses in the greater Asia and South America regions. Our product categories include super-premium ice cream and frozen desserts, refrigerated and frozen dough products, dessert and baking mixes, meal kits, salty and grain snacks, wellness beverages, and refrigerated yogurt. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our Asia & Latin America 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.

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

Our operating segment results were as follows:

In Millions	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 27, 2016	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 27, 2016
Net sales:				
North America Retail	**$2,771.8**	$2,748.8	**$5,210.0**	$5,305.8
Convenience Stores & Foodservice	**512.2**	487.5	**959.3**	933.8
Europe & Australia	**466.7**	435.1	**958.6**	913.5
Asia & Latin America	**448.0**	440.7	**840.0**	866.9
Total	**$4,198.7**	$4,112.1	**$7,967.9**	$8,020.0
Operating profit:				
North America Retail	**$ 622.9**	$ 651.0	**$1,156.1**	$1,279.2
Convenience Stores & Foodservice	**106.5**	109.1	**191.3**	201.8
Europe & Australia	**26.9**	41.3	**57.5**	85.2
Asia & Latin America	**16.7**	29.0	**32.2**	51.3
Total segment operating profit	**773.0**	830.4	**1,437.1**	1,617.5
Unallocated corporate items	**41.6**	19.0	**74.7**	101.4
Divestiture loss	**—**	13.5	**—**	13.5
Restructuring, impairment, and other exit costs	**1.6**	29.0	**6.8**	87.9
Operating profit	**$ 729.8**	$ 768.9	**$1,355.6**	$1,414.7

(16) New Accounting Pronouncements

In the first quarter of fiscal 2018, we adopted new requirements for the accounting and presentation of stock-based payments. The adoption of this guidance resulted in the prospective recognition of realized windfall and shortfall tax benefits related to the exercise or vesting of stock-based awards in our Consolidated Statements of Earnings instead of additional paid-in capital within our Consolidated Balance Sheets. We recognized a windfall tax benefit in income tax expense in our Consolidated Statements of Earnings of $2.5 million in the second quarter of fiscal 2018 and $20.2 million in the six-month period ended November 26, 2017. We retrospectively adopted the guidance related to reclassification of realized windfall tax benefits in our Consolidated Statements of Cash Flows. This resulted in reclassifications of $20.2 million and $59.7 million of cash provided by financing activities to operating activities for the six-month periods ended November 26, 2017 and November 27, 2016, respectively. Additionally, we retrospectively adopted the guidance related to reclassification of employee tax withholdings in our Consolidated Statements of Cash Flows. This resulted in reclassifications of $21.4 million and $31.4 million of cash used by operating activities to financing activities for the six-month periods ended November 26, 2017 and November 27, 2016, respectively. Stock-based compensation expense continues to reflect estimated forfeitures.

In the first quarter of fiscal 2018, we adopted new accounting requirements which permit reporting entities to measure a goodwill impairment loss by the amount by which a reporting unit's carrying value exceeds the reporting unit's fair value. Previously, goodwill impairment losses were required to be measured by determining the implied fair value of goodwill. Our annual goodwill impairment test was performed as of the first day of the second quarter of fiscal 2018 and the adoption of this guidance did not impact our results of operations or financial position.

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

INTRODUCTION

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the MD&A included in our Annual Report on Form 10-K for the fiscal year ended May 28, 2017 for important background regarding, among other things, our key business drivers. Significant trademarks and service marks used in our business are set forth in *italics* herein. Certain terms used throughout this report are defined in the "Glossary" section below.

CONSOLIDATED RESULTS OF OPERATIONS

Second Quarter Results

In the second quarter of fiscal 2018, net sales increased 2 percent compared to the same period last year, driven by favorable foreign currency exchange and favorable net price realization and mix. Increased contributions from volume growth in the North America Retail, Convenience Stores & Foodservice and Europe & Australia segments were partially offset by lower contributions from volume growth in the Asia & Latin America segment. In the second quarter, increased sales from innovation, higher brand-building investment, and more effective merchandising contributed to organic net sales growth of 1 percent and market share gains in the majority of our key global platforms. Operating profit margin of 17.4 percent was down 130 basis points from year-ago levels primarily driven by lower segment operating profit results and lower mark-to-market valuation of certain commodity positions, partially offset by a decrease in restructuring expenses. Adjusted operating profit margin decreased 220 basis points to 17.4 percent, primarily driven by higher input costs including currency-driven inflation on imported products in certain markets, unfavorable trade expense phasing and higher media and advertising expense, partially offset by benefits from cost savings initiatives. Diluted earnings per share of $0.74 decreased 8 percent compared to the second quarter of fiscal 2017 and adjusted diluted earnings per share of $0.82, which excludes certain items affecting comparability, on a constant-currency basis decreased 5 percent compared to the second quarter last year (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP).

A summary of our consolidated financial results for the second quarter of fiscal 2018 follows:

Quarter Ended Nov. 26, 2017	In millions, except per share	Quarter Ended Nov. 26, 2017 vs. Nov. 27, 2016	Percent of Net Sales	Constant-Currency Growth (a)
Net sales	$ 4,198.7	2%		
Operating profit	729.8	(5)%	17.4%	
Net earnings attributable to General Mills	430.5	(11)%		
Diluted earnings per share	$ 0.74	(8)%		
Organic net sales growth rate (a)		1%		
Total segment operating profit (a)	773.0	(7)%		(8)%
Adjusted operating profit margin (a)			17.4%	
Diluted earnings per share, excluding certain items affecting comparability (a)	$ 0.82	(4)%		(5)%

(a) See the "Non-GAAP Measures" section below for our use of measures not defined by GAAP.

Consolidated **net sales** were as follows:

	Quarter Ended Nov. 26, 2017	Quarter Ended Nov. 26, 2017 vs Nov. 27, 2016	Quarter Ended Nov. 27, 2016
Net sales (in millions)	$4,198.7	2%	$4,112.1
Contributions from volume growth (a)		Flat	

Net price realization and mix	1pt
Foreign currency exchange	1pt

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

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The 2 percent increase in net sales in the second quarter of fiscal 2018 was primarily driven by favorable foreign currency exchange and favorable net price realization and mix. All four segments contributed to the increase in net sales in the second quarter of fiscal 2018 compared to the same period last year.

Organic net sales increased 1 percent in the second quarter of fiscal 2018 primarily driven by favorable organic net price realization and mix. To improve comparability of results from period to period, organic net sales exclude the impacts of foreign currency exchange rate fluctuations, as well as acquisitions, divestitures, and a 53rd week of results, when applicable.

Components of organic net sales growth are shown in the following table:

Quarter Ended Nov. 26, 2017 vs. Quarter Ended Nov. 27, 2016	
Contributions from organic volume growth (a)	Flat
Organic net price realization and mix	1pt
Organic net sales growth	1pt
Foreign currency exchange	1pt
Acquisitions and divestitures	Flat
Net sales growth	2pts

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

Cost of sales increased $163 million from the second quarter of fiscal 2017 to $2,756 million. The increase included a $148 million increase attributable to product rate and mix and a $9 million increase attributable to higher volume. We recorded a $4 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the second quarter of fiscal 2018 compared to a net decrease of $29 million in the second quarter of fiscal 2017. We recorded $1 million of restructuring charges in cost of sales in the second quarter of fiscal 2018 compared to $13 million in the same period last year. We also recorded $4 million of restructuring initiative project-related costs in the second quarter of fiscal 2018 compared to $11 million in the same period last year (please refer to Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report).

Selling, general, and administrative (SG&A) expenses increased $4 million to $712 million in the second quarter of fiscal 2018 compared to the same period in fiscal 2017. The increase in SG&A expenses primarily reflects a 7 percentage point increase in media and advertising expense partially offset by savings from cost management initiatives. SG&A expenses as a percent of net sales in the second quarter of fiscal 2018 decreased 30 basis points compared with the second quarter of fiscal 2017.

Divestiture Loss totaled $14 million from the sale of our Martel, Ohio manufacturing facility during the second quarter of fiscal 2017.

Restructuring, impairment, and other exit costs totaled $2 million in the second quarter of fiscal 2018 compared to $29 million in the same period last year.

Total charges associated with our current restructuring initiatives were as follows:

	Quarter Ended			
In Millions	**Nov. 26, 2017**		**Nov. 27, 2016**	
	Charge	**Cash**	**Charge**	**Cash**
Global reorganization	**$ 0.6**	**$11.1**	$ —	$ —
Closure of Melbourne, Australia plant	**2.8**	**2.6**	12.0	—
Restructuring of certain international product lines	**—**	**—**	6.9	7.1
Closure of Vineland, New Jersey plant	**(1.3)**	**(9.1)**	7.0	1.2
Project Compass	**—**	**0.6**	—	3.7
Project Century	**0.1**	**(5.0)**	15.9	13.0

Project Catalyst	**—**	**—**	—	0.9
Combination of certain operational facilities	—	**0.2**	—	1.5
Total restructuring charges (a)	**2.2**	**0.4**	41.8	27.4
Project-related costs	**4.2**	**2.3**	11.1	11.9
Restructuring charges and project-related costs	**$ 6.4**	**$ 2.7**	$52.9	$39.3

(a) Includes $0.6 million of restructuring charges recorded in cost of sales in the second quarter of fiscal 2018 and $12.8 million in the second quarter of fiscal 2017.

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

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Interest, net for the second quarter of fiscal 2018 totaled $75 million, down $1 million from fiscal 2017, driven primarily by lower rates and changes in the mix of debt, partially offset by higher average debt balances.

The **effective tax rate** for the second quarter of fiscal 2018 was 35.9 percent compared to 32.8 percent for the second quarter of fiscal 2017. The 3.1 percentage point increase was primarily due to a $42 million prior year adjustment recorded in the second quarter of fiscal 2018 (see Note 1 to the Consolidated Financial Statements in Part 1, Item 1 of this report), partially offset by favorable impacts from certain changes in French tax law and the prospective adoption of the new accounting standard related to windfall tax benefits from stock-based payments (see Note 16 to the Consolidated Financial Statements in Part 1, Item 1 of this report). Our effective tax rate excluding certain items affecting comparability was 29.3 percent in the quarter ended November 26, 2017 compared to 32.4 percent in the same period last year (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP).

The United States Congress is currently working on enacting a tax reform bill, which would result in significant changes to the U.S. tax system. We expect that if a bill is enacted, it could have a material impact on our Consolidated Financial Statements in future periods. We continue to monitor developments and assess the impact to General Mills.

After-tax earnings from joint ventures decreased $6 million to $24 million for the second quarter of fiscal 2018 compared to the same period last fiscal year, primarily driven by lower volume and higher input costs for Cereal Partners Worldwide (CPW) and unfavorable foreign currency exchange and unfavorable product mix for Häagen-Dazs Japan, Inc. (HDJ). On a constant-currency basis, after-tax earnings from joint ventures decreased 19 percent (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP). The components of our joint ventures' net sales growth are shown in the following table:

Quarter Ended Nov. 26, 2017 vs. Quarter Ended Nov. 27, 2016	CPW	HDJ
Contributions from volume growth (a)	(2)pts	(1)pt
Net price realization and mix	Flat	(2)pts
Foreign currency exchange	4pts	(7)pts
Net sales growth	2pts	(10)pts

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

The change in net sales for each joint venture on a constant-currency basis is set forth in the following table:

	Quarter Ended Nov. 26, 2017		
	Percentage Change in Joint Venture Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Joint Venture Net Sales on Constant-Currency Basis
CPW	2%	4pts	(2)%
HDJ	(10)%	(7)pts	(3)%
Joint Ventures	(1)%	1pt	(2)%

Average diluted shares outstanding decreased by 19 million in the second quarter of fiscal 2018 from the same period a year ago due to the impact of share repurchases, partially offset by option exercises.

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Six-Month Results

In the six-month period ended November 26, 2017, net sales declined 1 percent, primarily driven by declining contributions from volume growth in the North America Retail and Asia & Latin America segments partially offset by increasing contributions from volume growth in the Convenience Stores & Foodservice segment. Increased sales from innovation, higher brand-building investment, and more effective merchandising contributed to an improvement in organic net sales trends versus the same period a year ago as well as market share gains in the majority of our key global platforms. Operating profit margin of 17.0 percent was down 60 basis points from year-ago levels primarily driven by lower segment operating profit results and lower mark-to-market valuation of certain commodity positions, partially offset by a decrease in restructuring expenses. Adjusted operating profit margin decreased 220 basis points to 17.2 percent, primarily driven by higher input costs including currency-driven inflation on imported products in certain markets, and unfavorable trade expense phasing. Diluted earnings per share of $1.43 decreased 3 percent compared to the six-month period ended November 27, 2016, and adjusted diluted earnings per share, which excludes certain items affecting comparability, on a constant-currency basis decreased 7 percent compared to the same period a year ago (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP).

A summary of our consolidated financial results for the six-month period ended November 26, 2017, follows:

Six-Month Period Ended Nov. 26, 2017	In millions, except per share	Six-Month Period Ended Nov. 26, 2017 vs. Nov. 27, 2016	Percent of Net Sales	Constant-Currency Growth (a)
Net sales	$ 7,967.9	(1)%		
Operating profit	1,355.6	(4)%	17.0%	
Net earnings attributable to General Mills	835.2	(6)%		
Diluted earnings per share	$ 1.43	(3)%		
Organic net sales growth rate (a)		(1)%		
Total segment operating profit (a)	1,437.1	(11)%		(12)%
Adjusted operating profit margin (a)			17.2%	
Diluted earnings per share, excluding certain items affecting comparability (a)	$ 1.53	(6)%		(7)%

(a) See the "Non-GAAP Measures" section below for our use of measures not defined by GAAP.

Consolidated **net sales** were as follows:

	Six-Month Period Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017 vs Nov. 27, 2016	Six-Month Period Ended Nov. 27, 2016
Net sales (in millions)	$7,967.9	(1)%	$8,020.0
Contributions from volume growth (a)		(1)pt	
Net price realization and mix		Flat	
Foreign currency exchange		Flat	

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

The 1 percent decline in net sales for the six-month period ended November 26, 2017 primarily reflects lower organic net sales.

Organic net sales declined 1 percent in the six-month period ended November 26, 2017, driven by declining contributions from organic volume growth in the North America Retail and Asia & Latin America segments partially offset by increasing contributions from organic volume growth in the Convenience Stores & Foodservice segment. To improve comparability of results from period to period, organic net sales exclude the impacts of foreign currency exchange rate fluctuations, as well as acquisitions, divestitures, and a 53rd week of results, when applicable.

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Components of organic net sales growth are shown in the following table:

Six-Month Period Ended Nov. 26, 2017 vs. Six-Month Period Ended Nov. 27, 2016	
Contributions from organic volume growth (a)	(1)pt
Organic net price realization and mix	Flat
Organic net sales growth	(1)pt
Foreign currency exchange	Flat
Acquisitions and divestitures	Flat
Net sales growth	(1)pt

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

Cost of sales increased $131 million from the six-month period ended November 27, 2016, to $5,215 million. The increase included a $240 increase attributable to product rate and mix partially offset by an $82 million decrease attributable to lower volume. We recorded $13 million of restructuring charges in cost of sales in the six-month period ended November 26, 2017, compared to $26 million in the same period last year. We also recorded $5 million of restructuring initiative project-related costs in the six-month period ended November 26, 2017, compared to $25 million in the same period last year (please refer to Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report). We recorded a $6 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the six-month period ended November 26, 2017, compared to a net decrease of $12 million in the six-month period ended November 27, 2016.

SG&A expenses decreased $29 million to $1,391 million in the six-month period ended November 26, 2017, compared to the same period in fiscal 2017. The decrease in SG&A expenses primarily reflects savings from cost management initiatives partially offset by a 4 percentage point increase in media and advertising expense. SG&A expenses as a percent of net sales in the six-month period ended November 26, 2017 decreased 30 basis points compared with the same period of fiscal 2017.

Divestiture loss totaled $14 million from the sale of our Martel, Ohio manufacturing facility during the second quarter of fiscal 2017.

Restructuring, impairment, and other exit costs totaled $7 million in the six-month period ended November 26, 2017, compared to $88 million in the same period last year.

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

	As Reported						Estimated				
	Six-Month Period Ended				Fiscal 2017, 2016 and 2015						
In Millions	Nov. 26, 2017		Nov. 27, 2016		Total		Future		Total		
	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Savings (b)
Global reorganization	**$ 1.4**	**$26.7**	$ —	$ —	$ 72.1	$ 20.0	$ 2	$ 29	$ 76	$ 76	
Closure of Melbourne, Australia plant	**4.9**	**3.4**	12.0	—	21.9	1.6	7	(2)	34	3	
Restructuring of certain international product lines	**—**	**—**	43.3	10.4	45.1	10.3	(3)	(10)	42	—	
Closure of Vineland, New Jersey plant	**12.1**	**(3.1)**	27.9	1.2	41.4	7.3	1	7	54	11	
Project Compass	**(0.2)**	**3.0**	1.0	8.0	54.3	48.9	—	2	54	54	
Project Century	**1.5**	**(3.4)**	30.1	20.6	408.4	95.5	4	51	414	143	
Project Catalyst	**—**	**—**	—	0.5	140.9	94.1	—	—	141	94	
Combination of certain operational facilities	**—**	**0.5**	—	2.6	13.3	16.3	2	(3)	15	14	

Total restructuring charges (a)	**19.7**	**27.1**	114.3	43.3	797.4	294.0	13	74	830	395	
Project-related costs	**5.4**	**5.0**	24.9	28.6	114.6	111.1	8	14	128	130	
Restructuring charges and project-related costs	**$25.1**	**$32.1**	$139.2	$71.9	$ 912.0	$ 405.1	$ 21	$ 88	$ 958	$525	$ 700

(a) Includes $12.9 million of restructuring charges recorded in cost of sales during fiscal 2018 and $26.4 million in fiscal 2017.

(b) Cumulative annual savings versus fiscal 2015 base targeted by fiscal 2018. Includes savings from SG&A cost reduction projects.

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

Interest, net for the six-month period ended November 26, 2017, decreased $2 million to $147 million compared to the same period of fiscal 2017, primarily driven by lower rates and changes in the mix of debt, partially offset by higher average debt balances.

The **effective tax rate** for the six-month period ended November 26, 2017, was 33.4 percent compared to 31.9 percent for the six-month period ended November 27, 2016. The 1.5 percentage point increase was primarily due to a $42 million prior year adjustment recorded in the second quarter of fiscal 2018 (see Note 1 to the Consolidated Financial Statements in Part 1, Item 1 of this report), partially offset by the prospective adoption of the new accounting standard related to windfall tax benefits from stock-based payments (see Note 16 to the Consolidated Financial Statements in Part 1, Item 1 of this report). Our effective tax rate excluding certain items affecting comparability was 29.9 percent in the six-month period ended November 26, 2017, compared to 31.9 percent in the same period last year (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP).

The United States Congress is currently working on enacting a tax reform bill, which would result in significant changes to the U.S. tax system. We expect that if a bill is enacted, it could have a material impact on our Consolidated Financial Statements in future periods. We continue to monitor developments and assess the impact to General Mills.

After-tax earnings from joint ventures decreased $6 million to $48 million for the six-month period ended November 26, 2017, compared to the same period in fiscal 2017, primarily driven by higher input costs partially offset by favorable foreign currency exchange for CPW, and unfavorable foreign currency exchange and higher input costs partially offset by favorable product mix for HDJ. On a constant-currency basis, after-tax earnings from joint ventures decreased 11 percent (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP). The components of our joint ventures' net sales growth are shown in the following table:

Six-month Period Ended November 26, 2017 vs. Six-month Period Ended November 27, 2016	CPW	HDJ
Contributions from volume growth (a)	Flat	5pts
Net price realization and mix	Flat	(1)pt
Foreign currency exchange	3pts	(7)pts
Net sales growth	3pts	(3)pts

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

The change in net sales for each joint venture on a constant-currency basis is set forth in the following table:

	Six-Month Period Ended November 26, 2017		
	Percentage Change in Joint Venture Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Joint Venture Net Sales on Constant-Currency Basis
CPW	3%	3pts	Flat
HDJ	(3)%	(7)pts	4%
Joint Ventures	2%	1pt	1%

Average diluted shares outstanding decreased by 22 million in the six-month period ended November 26, 2017, compared to the same period a year ago due to the impact of share repurchases, partially offset by option exercises.

SEGMENT OPERATING RESULTS

In the third quarter of fiscal 2017, we announced a new global organization structure to streamline our leadership, enhance global scale, and drive improved operational agility to maximize our growth capabilities. As a result of this global reorganization, beginning in the third quarter of fiscal 2017, we are reporting results for our four operating segments as follows: North America Retail; Convenience Stores & Foodservice; Europe & Australia; and Asia & Latin America. We have restated our net sales by segment and segment operating profit amounts to reflect our new operating segments. These segment changes had no effect on previously reported consolidated net sales, operating profit, net earnings attributable to General Mills, or earnings per share.

Our North America Retail operating segment consists of our former U.S. Retail operating units and our Canada region. Within our North America Retail operating segment, our former U.S. Meals operating unit and U.S. Baking operating unit have been combined into one operating unit: U.S. Meals & Baking. Our Europe & Australia operating segment consists of our former Europe region. Our Asia & Latin America operating segment consists of our former Asia/Pacific and Latin America regions. Our Convenience Stores & Foodservice operating segment was unchanged. For further information on our operating segments, please refer to Note 15 to the Consolidated Financial Statements in Part 1, Item 1 of this report.

North America Retail Segment Results

North America Retail net sales were as follows:

	Quarter Ended			Six-Month Period Ended		
	Nov. 26, 2017	Nov. 26, 2017 vs Nov. 27, 2016	Nov. 27, 2016	Nov. 26, 2017	Nov. 26, 2017 vs Nov. 27, 2016	Nov. 27, 2016
Net sales (in millions)	$2,771.8	1%	$2,748.8	$5,210.0	(2)%	$5,305.8
Contributions from volume growth (a)		1pt			(1)pt	
Net price realization and mix		(1)pt			(1)pt	
Foreign currency exchange		1pt			Flat	

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

The 1 percent increase in North America Retail net sales in the second quarter of fiscal 2018 was driven by growth in the U.S. Cereal, Canada and U.S. Snacks operating units partially offset by declines in the U.S. Yogurt and U.S. Meals & Baking operating units.

The 2 percent decrease in net sales for the six-month period ended November 26, 2017, was driven by declines in the U.S. Yogurt and U.S. Meals & Baking operating units partially offset by growth in the Canada and U.S. Snacks operating units.

The components of North America Retail organic net sales growth are shown in the following table:

	Quarter Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017
Contributions from organic volume growth (a)	1pt	(1)pt
Organic net price realization and mix	(1)pt	(1)pt
Organic net sales growth	Flat	(2)pts
Foreign currency exchange	1pt	Flat
Net sales growth	1pt	(2)pts

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

North America Retail organic net sales were flat in the three-month period ended November 26, 2017, compared to the same period in fiscal 2017.

North America Retail organic net sales decreased 2 percentage points in the six-month period ended November 26, 2017, compared to the same period in fiscal 2017, driven primarily by volume declines in the U.S. Yogurt operating unit partially offset by increases in the U.S. Snacks and U.S. Cereal operating units, and increased trade expense.

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North America Retail net sales percentage change by operating unit are shown in the following table:

	Quarter Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017
U.S. Cereal	7%	Flat
Canada (a)	7	3
U.S. Snacks	5	1
U.S. Meals & Baking	(2)	(1)
U.S. Yogurt	(11)	(17)
Total	1%	(2)%

(a) On a constant currency basis, Canada net sales increased 1 percent for the quarter ended November 26, 2017 and decreased 1 percent for the six-month period ended November 26, 2017. See the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP.

Segment operating profit decreased 4 percent to $623 million in the second quarter of fiscal 2018 compared to $651 million in the same period of fiscal 2017, driven primarily by unfavorable trade expense phasing and higher input costs. Segment operating profit decreased 5 percent on a constant-currency basis in the second quarter of fiscal 2018 compared to the second quarter of fiscal 2017 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Segment operating profit decreased 10 percent to $1,156 million in the six-months ended November 26, 2017, compared to $1,279 million in the same period of fiscal 2017, driven primarily by lower net sales, including unfavorable trade expense phasing and higher input costs. Segment operating profit decreased 10 percent on a constant-currency basis in the first six months of fiscal 2018 compared to the first six months of fiscal 2017 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Convenience Stores & Foodservice Segment Results

Convenience Stores & Foodservice net sales were as follows:

	Quarter Ended			Six-Month Period Ended		
	Nov. 26, 2017	Nov. 26, 2017 vs Nov. 27, 2016	Nov. 27, 2016	Nov. 26, 2017	Nov. 26, 2017 vs Nov. 27, 2016	Nov. 27, 2016
Net sales (in millions)	$512.2	5%	$487.5	$959.3	3%	$933.8
Contributions from volume growth (a)		3pts			2pts	
Net price realization and mix		2pts			1pt	

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

Convenience Stores & Foodservice net sales increased 5 percent for the second quarter of fiscal 2018, reflecting higher net sales across Focus 6 categories and benefits from market index pricing on bakery flour.

Convenience Stores & Foodservice net sales increased 3 percent for the six-month period ended November 26, 2017, reflecting higher net sales across Focus 6 categories and benefits from market index pricing on bakery flour.

The components of Convenience Stores & Foodservice organic net sales growth are shown in the following table:

	Quarter Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017
Contributions from organic volume growth (a)	3 pts	2 pts
Organic net price realization and mix	2 pts	1 pt
Organic net sales growth	5 pts	3 pts

Net sales growth	5 pts	3 pts

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

Segment operating profit declined 2 percent to $106 million in the second quarter of fiscal 2018 compared to $109 million in the second quarter of fiscal 2017, primarily driven by higher input costs, partially offset by higher net sales.

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Segment operating profit decreased 5 percent to $191 million for the six-month period ended November 26, 2017, compared to $202 million in the same period of fiscal 2017, primarily driven by higher input costs, partially offset by higher net sales.

Europe & Australia Segment Results

Europe & Australia net sales were as follows:

	Quarter Ended			Six-Month Period Ended		
	Nov. 26, 2017	Nov. 26, 2017 vs. Nov. 27, 2016	Nov. 27, 2016	Nov. 26, 2017	Nov. 26, 2017 vs. Nov. 27, 2016	Nov. 27, 2016
Net sales (in millions)	$466.7	7%	$435.1	$958.6	5%	$913.5
Contributions from volume growth (a)		1pt			Flat	
Net price realization and mix		Flat			2pts	
Foreign currency exchange		6pts			3pts	

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

The 7 percent increase in Europe & Australia net sales in the second quarter of fiscal 2018 was driven by favorable foreign currency exchange and higher net sales in the U.K. market.

The 5 percent increase in Europe & Australia net sales in the six-month period ended November 26, 2017, was driven by favorable foreign currency exchange and higher net sales in the U.K. market.

The components of Europe & Australia organic net sales growth are shown in the following table:

	Quarter Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017
Contributions from organic volume growth (a)	1pt	Flat
Organic net price realization and mix	Flat	2pts
Organic net sales growth	1pt	2pts
Foreign currency exchange	6pts	3pts
Net sales growth	7pts	5pts

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

The 1 percent increase in Europe & Australia organic net sales growth in the second quarter of fiscal 2018 was driven by favorable contributions from organic volume growth.

The 2 percent increase in Europe & Australia organic net sales growth in the six-month period ended November 26, 2017 was driven by favorable organic net price realization and mix.

Segment operating profit decreased 35 percent to $27 million in the second quarter of fiscal 2018 compared to $41 million in the same period of fiscal 2017 primarily driven by input cost inflation, including currency-driven inflation on imported products in certain markets. Europe & Australia segment operating profit decreased 40 percent on a constant-currency basis in the second quarter of fiscal 2018 compared to the second quarter of fiscal 2017 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Segment operating profit decreased 32 percent to $58 million in the six-month period ended November 26, 2017, compared to $85 million in the same period of fiscal 2017 primarily driven by input cost inflation, including currency-driven inflation on imported products in certain markets. Europe & Australia segment operating profit decreased 35 percent on a constant-currency basis in the six-month period ended November 26, 2017, compared to the same period of fiscal 2017 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Asia & Latin America Segment Results

Asia & Latin America net sales were as follows:

	Quarter Ended			Six-Month Period Ended		
	Nov. 26, 2017	Nov. 26, 2017 vs. Nov. 27, 2016	Nov. 27, 2016	Nov. 26, 2017	Nov. 26, 2017 vs. Nov. 27, 2016	Nov. 27, 2016
Net sales (in millions)	$448.0	2%	$440.7	$840.0	(3)%	$866.9
Contributions from volume growth (a)		(7)pts			(12)pts	
Net price realization and mix		7pts			8pts	
Foreign currency exchange		2pts			1pt	

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

Asia & Latin America net sales increased 2 percent in the second quarter of fiscal 2018 compared to the same period in the prior year, with higher net sales across Asia markets partially offset by lower net sales across Latin America markets.

Asia & Latin America net sales declined 3 percent in the six-month period ended November 26, 2017, compared to the same period of fiscal 2017, which reflects lower net sales in Latin America markets due to the shift in reporting period in fiscal 2017 and challenges related to an enterprise reporting system implementation at our General Mills Brasil Alimentos Ltda subsidiary, partially offset by higher net sales in Asia markets.

The components of Asia & Latin America organic net sales growth are shown in the following table:

	Quarter Ended Nov. 26, 2017	Six-Month Period Ended Nov. 26, 2017
Contributions from organic volume growth (a)	(7)pts	(12)pts
Organic net price realization and mix	7pts	8pts
Organic net sales growth	Flat	(4)pts
Foreign currency exchange	2pts	1pt
Net sales growth	2pts	(3)pts

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

Asia & Latin America organic net sales were flat for the quarter ended November 26, 2017, reflecting a 7 percent decrease in contributions from organic volume growth offset by a 7 percent increase in organic net price realization and mix.

The 4 percent decrease in Asia & Latin America organic net sales for the six-month period ended November 26, 2017, was driven by a 12 percent decrease in contributions from organic volume growth, partially offset by an 8 percent increase in organic net price realization and mix.

Segment operating profit decreased 42 percent to $17 million in the second quarter of fiscal 2018 compared to $29 million in the same period of fiscal 2017 primarily driven by input cost inflation, including currency driven inflation on imported products in certain markets, and an increase in media and advertising expense. Asia & Latin America segment operating profit decreased 46 percent on a constant-currency basis in the second quarter of fiscal 2018 compared to the second quarter of fiscal 2017 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Segment operating profit decreased 37 percent to $32 million in the six-month period ended November 26, 2017, compared to $51 million in the same period of fiscal 2017 primarily driven by input cost inflation, including currency driven inflation on imported products in certain markets. Asia & Latin America segment operating profit decreased 40 percent on a constant-currency basis in the first six months of fiscal 2018 compared to the first six months of fiscal 2017 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

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UNALLOCATED CORPORATE ITEMS

Unallocated corporate expense totaled $42 million in the second quarter of fiscal 2018 compared to $19 million in the same period in fiscal 2017. In the second quarter of fiscal 2018, we recorded $1 million of restructuring charges and $4 million of restructuring initiative project-related costs in cost of sales compared to $13 million of restructuring charges and $11 million of restructuring initiative project-related costs in cost of sales in the same period last year. In addition, we recorded a $4 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the second quarter of fiscal 2018 compared to a $29 million net decrease in expense in the same period last year.

Unallocated corporate expense totaled $75 million in the six-month period ended November 26, 2017, compared to $101 million in the same period last year. In the six-month period ended November 26, 2017, we recorded $13 million of restructuring charges and $5 million of restructuring initiative project-related costs in cost of sales compared to $26 million of restructuring charges and $25 million of restructuring initiative project-related costs in cost of sales in the same period last year. In addition, we recorded a $6 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the six-month period ended November 26, 2017, compared to a $12 million net decrease in expense in the same period a year ago.

LIQUIDITY

During the six-month period ended November 26, 2017, cash provided by operations was $1,567 million compared to $1,079 million in the same period last year. The $488 million increase is primarily driven by a $703 million change in current assets and liabilities. The $703 million change in current assets and liabilities is primarily due to changes in the timing of accounts payable, including the impact of extended payment terms, and changes in other current liabilities, which were largely driven by changes in trade and incentive accruals.

Cash used by investing activities during the six-month period ended November 26, 2017, was $271 million, compared to cash used by investing activities of $280 million in the same period in fiscal 2017. Investments of $260 million in land, buildings and equipment in the six-month period ended November 26, 2017, decreased $58 million compared to the same period a year ago. We received proceeds of $18 million related to the sale of our Martel, Ohio facility in the second quarter of fiscal 2017. In addition, we received the final payment of $13 million from Sodiaal International (Sodiaal) in the first six months of fiscal 2017 to fully repay the exchangeable note we purchased in fiscal 2012.

Cash used by financing activities during the six-month period ended November 26, 2017, was $1,131 million compared to $720 million in the same period last year. We had $53 million of net debt issuances in the first six months of fiscal 2018 compared to $1,164 million of net debt issuances in the same period a year ago. We paid $600 million in cash to repurchase common stock and paid $565 million of dividends in the first six-months of fiscal 2018 compared to $1,350 million and $576 million, respectively, in the same period last year.

As of November 26, 2017, we had $898 million of cash and cash equivalents held in foreign jurisdictions which will be used to fund foreign operations and potential acquisitions. There is currently no need to repatriate these funds in order to meet domestic funding obligations or scheduled cash distributions. If we choose to repatriate historical earnings from foreign jurisdictions, we intend to do so only in a tax-neutral manner.

CAPITAL RESOURCES

Our capital structure was as follows:

In Millions	**Nov. 26, 2017**	**May 28, 2017**
Notes payable	**$ 1,298.0**	$ 1,234.1
Current portion of long-term debt	**200.5**	604.7
Long-term debt	**8,228.3**	7,642.9
Total debt	**9,726.8**	9,481.7

Redeemable interest	**793.4**	910.9
Noncontrolling interests	**359.0**	357.6
Stockholders’ equity	**4,230.7**	4,327.9
Total capital	**$15,109.9**	$15,078.1

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

The following table details the fee-paid committed and uncommitted credit lines we had available as of November 26, 2017:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
May 2022	$ 2.7	$ —
June 2019	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.5	0.2
Total committed and uncommitted credit facilities	$ 3.4	$ 0.3

The third-party holder of the General Mills Cereals, LLC (GMC) Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate to the holder's capital account balance established in the most recent mark-to-market valuation (currently $252 million). On June 1, 2015, the floating preferred return rate on GMC's Class A Interests was reset to the sum of three-month LIBOR plus 125 basis points. The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

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

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal holds the remaining interests in each of these entities. We consolidate these entities into our consolidated financial statements. As of November 26, 2017, we recorded Sodiaal's 50 percent interests in Yoplait Marques SNC and Liberté Marques Sàrl as noncontrolling interests, and the redemption value of its 49 percent interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. These euro- and Canadian dollar-denominated interests are reported in U.S. dollars on our Consolidated Balance Sheets. Sodiaal has the ability to put all or a portion of its redeemable interest to us at fair value once per year, up to three times before December 2024. As of November 26, 2017, the redemption value of the redeemable interest was $793 million, which approximates its fair value.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of November 26, 2017, we were in compliance with all of these covenants.

We have $200 million of long-term debt maturing in the next 12 months that is classified as current, including $100 million of 6.39 percent fixed rate medium term notes due for remarketing in February 2018 and $100 million of 6.59 percent fixed rate medium term notes due for remarketing in October 2018. 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.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of our business in our contractual obligations or off-balance sheet arrangements during the second quarter of fiscal 2018.

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 28, 2017. The accounting policies used in preparing our interim fiscal 2018 Consolidated Financial Statements are the same as those described in our Form 10-K with the exception of the new accounting requirements adopted in the first quarter of fiscal 2018 for stock-based payments and goodwill impairment testing. See Note 16 to the Consolidated Financial Statements in Part I, Item 1 of this report for additional information.

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Our significant accounting estimates are those that have meaningful impact on the reporting of our financial condition and results of operations. These estimates include our accounting for promotional expenditures, valuation of long-lived assets, intangible assets, redeemable interest, stock-based compensation, income taxes, and defined benefit pension, other postretirement benefit, and postemployment benefit plans. The assumptions and methodologies used in the determination of those estimates as of November 26, 2017, are the same as those described in our Annual Report on Form 10-K for the fiscal year ended May 28, 2017, with the exception of the new accounting requirements adopted in the first quarter of fiscal 2018 for stock-based payments and goodwill impairment testing. See Note 16 to the Consolidated Financial Statements in Part I, Item 1 of this report for additional information.

We tested our goodwill and indefinite-lived intangible assets for impairment on our annual assessment date on the first day of the second quarter of fiscal 2018. As of our annual impairment assessment date, there was no impairment of our intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Yoki* and *Progresso* brand intangible assets and the Latin America reporting unit. The excess fair value as of the fiscal 2018 test date of the *Yoki* and *Progresso* brand intangible assets and the Latin America reporting unit was as follows:

In Millions	Carrying Value of Intangible Asset	Excess Fair Value as of Fiscal 2018 Test Date
Yoki	$ 138.2	1%
Progresso	462.1	6%
Latin America	$ 272.0	21%

In addition, while having significant coverage as of our fiscal 2018 assessment date, the *Food Should Taste Good* and *Green Giant* brand intangible assets and the U.S. Yogurt reporting unit had risk of decreasing coverage. We will continue to monitor these businesses for potential impairment.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In August 2017, the Financial Accounting Standards Board (FASB) issued new hedge accounting requirements. The new standard amends the hedge accounting recognition and presentation requirements to better align an entity's risk management activities and financial reporting. The new standard also simplifies the application of hedge accounting guidance. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods, which for us is the first quarter of fiscal 2020. Early adoption is permitted. We are in the process of analyzing the impact of this standard on our results of operations and financial position.

In March 2017, the FASB issued new accounting requirements related to the presentation of net periodic defined benefit pension expense, net periodic postretirement benefit expense, and net periodic postemployment benefit expense. The new standard requires the service cost component of net periodic benefit expense to be recorded in the same line items as other employee compensation costs within our Consolidated Statements of Earnings. Other components of net periodic benefit expense must be presented separately outside of operating profit in our Consolidated Statements of Earnings. In addition, the new standard requires that only the service cost component of net periodic benefit expense is eligible for capitalization. We recognized net periodic benefit expense of $56 million in fiscal 2017, $163 million in fiscal 2016, and $153 million in fiscal 2015 of which $141 million, $161 million, and $167 million, respectively, related to service cost. These amounts may not necessarily be indicative of future amounts that may be recognized subsequent to the adoption of this new standard. The new standard requires retrospective adoption of the presentation of net periodic benefit expense and prospective application of the capitalization of the service cost component. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods, which for us is the first quarter of fiscal 2019. Early adoption is permitted.

In October 2016, the FASB issued new accounting requirements related to the recognition of income taxes resulting from intra-entity transfers of assets other than inventory. This will result in the recognition of the income tax consequences resulting from the intra-entity transfer of assets in our Consolidated Statements of Earnings in the period of the transfer. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods, which for us is the first quarter of fiscal 2019. Early adoption is permitted. Based on our assessment to date, we do not expect this guidance to have a material impact on our results of operations or financial position.

In February 2016, the FASB issued new accounting requirements for accounting, presentation and classification of leases. This will result in most leases being capitalized as a right of use asset with a related liability on our Consolidated Balance Sheets. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods, which for us is the first quarter of fiscal 2020. We are in the process of implementing lease accounting software and analyzing the impact of this standard on our results of operations and financial position. Based on our assessment to date, we expect this guidance will have a material impact on our Consolidated Balance Sheets due to the amount of our lease commitments but we are unable to quantify the impact at this time.

In May 2014, the FASB issued new accounting requirements for the recognition of revenue from contracts with customers. The requirements of the new standard and its subsequent amendments are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods, which for us is the first quarter of fiscal 2019. We are in the process of documenting the impact of the guidance on our current accounting policies and practices in order to identify material differences, if any, that would result from applying the new requirements to our revenue contracts. We continue to make progress on our revenue recognition review and are also in the process of evaluating the impact, if any, on changes to our business processes, systems, and controls to support recognition and disclosure requirements under the new guidance. In addition, we continue to assess our adoption approach. Based on our assessment to date, we do not expect this guidance to have a material impact on our results of operations or financial position.

NON-GAAP MEASURES

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

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

Organic Net Sales Growth Rates

This measure is used in reporting to our executive management and as a component of the Board of Directors' measurement of our performance for incentive compensation purposes. We provide organic net sales growth rates for our consolidated net sales and segment net sales. We believe that organic net sales growth rates provide useful information to investors because they provide transparency to underlying performance in our net sales by excluding the effect that foreign currency exchange rate fluctuations, as well as acquisitions, divestitures, and a 53rd week, when applicable, have on year-to-year comparability. A reconciliation of these measures to reported net sales growth rates, the relevant GAAP measures, are included in our Consolidated Results of Operations and Segment Operating Results discussions in the MD&A above.

Total Segment Operating Profit and Related Constant-Currency Growth Rate

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

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

	Percentage Change in Total Segment Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Total Segment Operating Profit on a Constant-Currency Basis

Quarter Ended Nov. 26, 2017	(7)%	1pt	(8)%
Six-Month Period Ended Nov. 26, 2017	(11)%	1pt	(12)%

Adjusted Operating Profit as a Percent of Net Sales (Adjusted Operating Profit Margin) Excluding Certain Items Affecting Comparability

We believe this measure provides useful information to investors because it is important for assessing our operating profit margin on a comparable 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.

	Quarter Ended			
	Nov. 26, 2017		Nov. 27, 2016	
In Millions	Value	Percent of Net Sales	Value	Percent of Net Sales
Operating profit as reported	**$ 729.8**	**17.4%**	$ 768.9	18.7%
Mark-to-market effects (a)	**(4.5)**	**(0.1)%**	(29.1)	(0.7)%
Restructuring charges (b)	**2.2**	**— %**	41.8	1.0%
Project-related costs (b)	**4.2**	**0.1%**	11.1	0.3%
Divestiture loss (c)	**—**	**— %**	13.5	0.3%
Adjusted operating profit	**$ 731.7**	**17.4%**	$ 806.2	19.6%

	Six-Month Period Ended			
	Nov. 26, 2017		Nov. 27, 2016	
In Millions	Value	Percent of Net Sales	Value	Percent of Net Sales
Operating profit as reported	**$1,355.6**	**17.0%**	$1,414.7	17.6%
Mark-to-market effects (a)	**(6.3)**	**(0.1)%**	(12.5)	(0.1)%
Restructuring costs (b)	**19.7**	**0.2%**	114.3	1.4%
Project-related costs (b)	**5.4**	**0.1%**	24.9	0.3%
Divestiture loss (c)	**—**	**— %**	13.5	0.2%
Adjusted operating profit	**$1,374.4**	**17.2%**	$1,554.9	19.4%

(a) See Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(b) See Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(c) See Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

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

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

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

	Quarter Ended			Six-Month Period Ended		
Per Share Data	**Nov. 26, 2017**	**Nov. 27, 2016**	**Change**	**Nov. 26, 2017**	**Nov. 27, 2016**	**Change**
Diluted earnings per share, as reported	**$ 0.74**	$ 0.80	(8)%	**$ 1.43**	$ 1.47	(3)%
Tax adjustment (a)	**0.07**	—		**0.07**	—	
Mark-to-market effects (b)	**—**	(0.03)		**—**	(0.01)	
Divestiture loss (c)	**—**	0.01		**—**	0.01	
Restructuring costs (d)	**—**	0.05		**0.02**	0.13	
Project-related costs (d)	**0.01**	0.02		**0.01**	0.03	
Diluted earnings per share, excluding certain items affecting comparability	**$ 0.82**	$ 0.85	(4)%	**$ 1.53**	$ 1.63	(6)%
Foreign currency exchange impact			1pt			1pt
Diluted earnings per share growth, excluding certain items affecting comparability, on a constant-currency basis			(5)%			(7)%

(a) See Note 1 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(b) See Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(c) See Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(d) See Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report.

See our reconciliation below of the effective income tax rate as reported to the effective income tax rate excluding certain items affecting comparability for the tax impact of each item affecting comparability.

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

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

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

	Percentage Change in After-tax Earnings from Joint Ventures as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in After-tax Earnings from Joint Ventures on Constant-Currency Basis**
Quarter Ended Nov. 26, 2017	(20)%	(1)pt	(19)%
Six-Month Period Ended Nov. 26, 2017	(12)%	(1)pt	(11)%

Net Sales Growth Rates for Our Canada Operating Unit on Constant-Currency Basis

We believe that this measure of our Canada operating unit net sales provides useful information to investors because it provides transparency to the underlying performance for the Canada operating unit within our North America Retail segment by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

Net sales growth rates for our Canada operating unit on a constant-currency basis are calculated as follows:

	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on Constant-Currency Basis
Quarter Ended Nov. 26, 2017	7%	6pts	1%
Six-Month Period Ended Nov. 26, 2017	3%	4pts	(1)%

Constant-Currency Segment Operating Profit Growth Rates

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

Our segments' operating profit growth rates on a constant-currency basis are calculated as follows:

	Quarter Ended Nov. 26, 2017		
	Percentage Change in Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Operating Profit on Constant-Currency Basis
North America Retail	(4)%	1pt	(5)%
Europe & Australia	(35)%	5pts	(40)%
Asia & Latin America	(42)%	4pts	(46)%

	Six-Month Period Ended Nov. 26, 2017		
	Percentage Change in Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Operating Profit on Constant-Currency Basis
North America Retail	(10)%	Flat	(10)%
Europe & Australia	(32)%	3pts	(35)%
Asia & Latin America	(37)%	3pts	(40)%

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Effective Income Tax Rate Excluding Certain Items Affecting Comparability

We believe this measure provides useful information to investors because it is important for assessing the effective tax rate excluding certain items affecting comparability and presents the income tax effects of certain items affecting comparability.

Effective income tax rates excluding certain items affecting comparability are calculated as follows:

	Quarter Ended				Six-Month Period Ended			
	Nov. 26, 2017		Nov. 27, 2016		Nov. 26, 2017		Nov. 27, 2016	
In Millions (Except Per Share Data)	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**
As reported	**$ 654.9**	**$234.9**	$ 693.4	$227.4	**$1,208.3**	**$403.4**	$1,265.3	$404.0
Mark-to-market effects (b)	**(4.5)**	**(1.6)**	(29.1)	(10.7)	**(6.3)**	**(2.3)**	(12.5)	(4.6)
Restructuring charges (c)	**2.2**	**—**	41.8	11.5	**19.7**	**5.9**	114.3	35.7
Project-related costs (c)	**4.2**	**1.5**	11.1	4.0	**5.4**	**1.8**	24.9	9.0
Divestiture loss (d)	**—**	**—**	13.5	4.3	**—**	**—**	13.5	4.3
Tax adjustment (e)	**—**	**(42.2)**	—	—	**—**	**(42.2)**	—	—
As adjusted	**$ 656.8**	**$192.6**	$ 730.7	$236.5	**$1,227.1**	**$366.6**	$1,405.5	$448.4
Effective tax rate:								
As reported		**35.9%**		32.8%		**33.4%**		31.9%
As adjusted		**29.3%**		32.4%		**29.9%**		31.9%
Sum of adjustment to income taxes		**$ (42.3)**		$ 9.1		**$ (36.8)**		$ 44.4
Average number of common shares - diluted EPS		**580.3**		599.7		**583.6**		606.0
Impact of income tax adjustments on diluted EPS excluding certain items affecting comparability		**$ (0.07)**		$ 0.02		**$ (0.06)**		$ 0.07

(a) Earnings before income taxes and after-tax earnings from joint ventures.
(b) See Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(c) See Note 3 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(d) See Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.
(e) See Note 1 to the Consolidated Financial Statements in Part I, Item 1 of this report.

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GLOSSARY

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

Adjusted operating profit margin. Operating profit adjusted for certain items affecting year-over-year comparability, divided by net sales.

AOCI. Accumulated other comprehensive income (loss).

Constant currency. Financial results translated to U.S. dollars using constant foreign currency exchange rates based on the rates in effect for the comparable prior-year period. To present this information, current period results for entities reporting in currencies other than United States dollars are translated into United States dollars at the average exchange rates in effect during the corresponding period of the prior fiscal year, rather than the actual average exchange rates in effect during the current fiscal year. Therefore, the foreign currency impact is equal to current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

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

Euribor. Euro Interbank Offered Rate.

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

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management's assumptions about the inputs used in pricing the asset or liability.

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

Focus 6 platforms. The Focus 6 platforms for the Convenience Stores & Foodservice segment consist of cereal, yogurt, snacks, frozen meals, biscuits, and baking mixes.

Foundation businesses. Foundation businesses consist primarily of refrigerated dough, desserts, and soup in our North America Retail segment and bakery flour and frozen dough products in our Convenience Stores & Foodservice segment, as well as other product lines not included in Growth businesses.

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

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

Growth businesses. Growth businesses include cereal, snack bars, the natural and organic portfolio, hot snacks, Mexican products, and yogurt in our North America Retail segment; our Europe & Australia segment; our Asia & Latin America segment; and our Focus 6 platforms in our Convenience Stores & Foodservice segment.

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.

Organic net sales growth. Net sales growth adjusted for foreign currency translation, as well as acquisitions, divestitures, and a 53rd week impact, when applicable.

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

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

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

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

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

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

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

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

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

You should also consider the risk factors that we identify in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended May 28, 2017, 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, foreign exchange, commodity, and equity market-risk-sensitive instruments outstanding as of November 26, 2017 was $21 million, $25 million, $1 million, and $1 million, respectively. During the six-month period ended November 26, 2017, the interest rate and commodity value-at-risk decreased by $4 million and $2 million, respectively, while the foreign exchange value-at-risk increased by $1 million, and the equity value-at-risk was flat compared to this measure as of May 28, 2017. The value-at-risk for interest rate and commodity positions decreased due to lower market volatility and smaller portfolios. The value-at-risk for foreign exchange instruments increased due to the higher translated value of Euro-denominated debt, partially offset by lower observed foreign exchange and interest rate market volatility. For additional information, see Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended May 28, 2017.

Item 4. Controls and Procedures.

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of November 26, 2017, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the quarter ended November 26, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

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

The following table sets forth information with respect to shares of our common stock that we purchased during the quarter ended November 26, 2017:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (b)	Maximum Number of Shares that may yet be Purchased Under the Program (b)
August 28, 2017-October 1, 2017	306	$ 53.72	306	39,539,317
October 2, 2017-October 29, 2017	2,468	51.76	2,468	39,536,849
October 30, 2017-November 26, 2017	—	—	—	39,536,849
Total	2,774	$ 51.98	2,774	39,536,849

(a) The total number of shares purchased includes: (i) shares purchased on the open market; and (ii) shares withheld for the payment of withholding taxes upon the distribution of deferred option units.

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

Item 6. Exhibits.

10.1	Deferred Compensation Plan for Non-Employee Directors.
10.2	2017 Stock Compensation 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 November 26, 2017, formatted in Extensible Business Reporting Language: (i) Consolidated Statements of Earnings; (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Total Equity and Redeemable Interest; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.

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SIGNATURES

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

GENERAL MILLS, INC.
(Registrant)

Date December 20, 2017

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

Exhibit 10.1

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

1. PURPOSE

The purpose of the Plan is to allow individuals who serve on the Board of Directors of the Company to defer the receipt of certain elements of their Board compensation. Before this Plan's effective date, Board members' compensation was authorized from the same plan that allowed for its deferral. Board compensation will henceforth be authorized and issued from a separate plan maintained by the Company.

2. 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 8.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee.

"Common Stock" means Company common stock.

"Company" means General Mills, Inc. and its subsidiaries.

"Deferred Compensation Account" has the meaning set forth in Section 4(b).

"Election Form" means a written form provided by the Company pursuant to which a Participant may irrevocably elect the form and timing of distributions with respect to his or her Board compensation.

"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.

"Participant" has the meaning set forth in Section 3.

"Plan" means the General Mills, Inc. Deferred Compensation Plan for Non-Employee Directors as set forth herein and as amended from time to time. The Plan is unfunded and governs the deferral of Stock Units, cash retainers, and other compensatory items (as appropriate). This Plan does not grant any awards, equity or otherwise, or authorize the issuance of shares of Company Stock, which would derive from a separate Company plan.

"Plan Year" has the meaning set forth in Section 4(a).

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

"Stock Unit Account" means the notional account established each time a Participant elects to defer an award of Stock Units that vests and is deferred.

"Stock Units" means the right to receive shares of Common Stock under such terms as may be given in an applicable award agreement. Stock Units have no shareholder rights. 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.

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 (a "Participant").

4. RETAINERS

(a) Deferral Elections. Board members may be paid retainers as part of their compensation from the Company under such terms as may be applicable. 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 6. Participants shall make such election by filing an irrevocable Election Form with the Company before the calendar year in which a Plan Year begins. The election shall apply to amounts earned in a quarterly period 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 time the election becomes irrevocable, 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.

(b) 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 notional 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 by the Company, in its discretion. Distributions from a Deferred Compensation Account shall be made in accordance with Section 6.

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.

(c) Common Stock Alternative. Participants who receive their retainers, if any, in the form of Company Stock may not defer receipt, which shall be issued within 30 days following the last day of each quarterly period during the Plan Year.

5. STOCK UNITS

(a) Election Concerning Receipt of Common Stock. Board members may earn Stock Units as part of their compensation from the Company under such terms as may be applicable. A separate Stock Unit Account shall be established for each vesting tranche of Stock Units for which a Participant makes such an irrevocable deferral election. Each Participant receiving such an award may elect an alternative time and form (lump sum vs. installments) of distribution pursuant to Section 6.

(b) Dividend Equivalents. Participants shall elect, consistent with paragraph 5(c) and Section 6 either to receive dividend equivalent cash amounts on deferred Stock Units at the time that dividends are actually paid to shareholders on Company Stock or to have the amounts "reinvested." Such elections shall be made at the same time and in the same form as elections made with respect to the deferral of restricted Stock Units, and are irrevocable once received by the Company. If the dividend equivalent cash amounts are reinvested, on each dividend payment date for Company Stock on or after the date on which a Stock Unit is deferred under this Plan, the Company will credit each relevant Account with an amount equal to the dividends and payments that would be paid by the Company on the same number of shares of Common Stock. Dividend equivalent amounts may not be reinvested prior to the time when the underlying Stock Unit is vested and deferred under this Plan. Dividend equivalent amounts credited to each Account shall be used to hypothetically "purchase" additional Stock Units for the Account at a price equal to the closing price of Company Stock on the New York Stock Exchange on the dividend date. Deferred dividend equivalents that are reinvested shall be distributed at the same time and in the same form as the Stock Units that generate such dividend equivalents. If the Participant fails to make an election, the dividend equivalent amounts shall be reinvested.

(c) Timing of Elections. In order to make a deferral election 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, a deferral election may be made with respect to services to be performed subsequent to the time the election becomes irrevocable, 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. The rules and requirements under this paragraph shall apply to both the Stock Unit elections as well as elections concerning credited dividend equivalents or other credits, as applicable.

6. 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 and Stock Unit 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. Elections as to payment commencement shall be made in accordance with Sections 4 and 5, 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 upon a Separation from Service 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 4 and 5, 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 with respect to any dividend equivalent amounts credited to an Account. All Common Stock payable under this Plan shall be issued by the appropriate shareholder approved stock compensation plan from which it was originally awarded.

(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 9.

(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 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.

7. CHANGE OF CONTROL

Upon the occurrence of a Change of Control, all deferred retainers and Stock Units (as well as credited dividend equivalents) shall be paid pursuant to the terms of the Plan and Participant elections 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 (but not Deferred Compensation Accounts) shall be distributed in a single payment within 30 days following such Change of Control.

8. ADMINISTRATION

The Plan shall be administered by the Committee, which is the plan administrator. The Committee shall have full discretionary power and authority to administer and manage the operations of the Plan, and to interpret the terms of the Plan, formulate additional rules and policies for carrying out terms and provisions of 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, however, 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 with Deferred Compensation Accounts 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.

9. DESIGNATION OF BENEFICIARY

Each Participant who has a Deferred Compensation Account or a Stock Unit Account may designate a beneficiary or beneficiaries to receive any payment which under the terms of the Plan 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 Company and shall not be effective until received by the Company. Such form may establish other rules as the Company deems appropriate. Distributions to beneficiaries shall be made 60 days following the Participant's death in a lump sum. 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 and payment shall be made 60 days after the Participant's death. 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 such payments shall be made in the portions designated by the Participant.

10. 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.

11. 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.

12. PLAN TERMINATION

Upon termination of the Plan, distribution of Deferred Compensation Accounts and Stock Unit Accounts shall be made as described in Section 6 of the Plan, 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 and subject to the requirements of Section 8 of the Plan. Upon termination of the Plan, no further deferrals of retainers, restricted 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 until the Deferred Compensation Account balances are fully distributed.

13. 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.

14. CERTAIN CORPORATE TRANSACTIONS

If a corporate transaction has occurred affecting the Common Stock such that an adjustment to Stock Unit Accounts and/or Deferred Compensation Accounts is required to preserve (or prevent enlargement of) the value of such Accounts, then in such manner as the Committee deems equitable, an appropriate adjustment shall be made to the number of Stock Units or other amounts credited to an Account. For this purpose a corporate transaction includes, but is not limited to, any dividend (other than a cash dividend that is not an extraordinary cash 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.

Exhibit 10.2

GENERAL MILLS, INC.
2017 STOCK COMPENSATION PLAN

1. PURPOSE OF THE PLAN

The purpose of the General Mills, Inc. 2017 Stock Compensation Plan (as may be amended from time to time, the "Plan") is to attract and retain qualified individuals by rewarding employees and non-employee directors 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 and non-employee directors with those of the shareholders of the Company by providing that a portion of compensation will be linked directly to increases in shareholder value. 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 26, 2017, subject to the approval of the shareholders of the Company at the Annual Meeting of Shareholders on that date (the "Effective Date"). Awards may be made under the Plan until September 30, 2027 or such earlier date as determined by the Board of Directors of General Mills, Inc. (the "Board") or the Compensation Committee of the Board (the "Committee"). As of the Effective Date, no further Awards shall be granted under the General Mills, Inc. 2011 Stock Compensation Plan or the 2016 Compensation Plan for Non-Employee Directors.

3. ELIGIBLE PERSONS

Employees of the Company shall be eligible to become "Employee Participants" under the Plan, and non-employee directors of the Board shall be eligible to become "Non-Employee Director Participants" under the Plan. The term "Participant(s)" shall mean both Employee Participants and Non-Employee Director Participants. 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. Individuals who are not classified by the Company as employees on its corporate books, records and systems are not eligible to become Employee Participants even if any such individual is later reclassified (by the Company, any court, any government agency or otherwise) as an employee of the Company as of any date in particular.

4. AWARD TYPES

Employee Participants shall be eligible to receive grants of Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Share Units and Performance Units. Non-Employee Director Participants shall be eligible to receive grants of Restricted Stock and Restricted Stock Units, and, for Non-Employee Director Participants who elect to receive Common Stock in lieu of cash for their cash retainer, Unrestricted Stock.

(a) Stock Options. The Committee may award Employee Participants stock 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 Employee Participant to purchase shares of Common Stock at an "Exercise Price" established by the Committee which, unless the Stock Option is granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of a merger, consolidation, acquisition or other transaction involving the Company (in which case the assumption or substitution shall be accomplished in a manner that permits the Award to be exempt from Code Section 409A), 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 award Employee Participants stock appreciation rights ("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 or less than 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, unless the Stock Appreciation Right was granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of a merger, consolidation, acquisition, or other transaction involving the Company (in which case the assumption or substitution shall be accomplished in a manner that permits the Award to be exempt from Section 409A (as defined below)).

(c) Restricted Stock and Restricted Stock Units. The Committee may grant Employee Participants and Non-Employee Director 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 Share Units and Performance Units. The Committee may grant to Employee Participants a right to receive 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.

(e) Common Stock. Only available to Non-Employee Director Participants who affirmatively elect to receive all or a specified percentage of any cash retainer or fees received in shares of Common Stock ("Unrestricted Stock"), which, if elected, will be issued within 10 Business Days after the end of each of the Company's fiscal quarters. The aggregate grant date Fair Market Value of any Unrestricted Stock issued pursuant to this Section 4(e) is intended to be equivalent to the value of the foregone cash fees. A "Business Day" shall mean a day on which the New York Stock Exchange is open for trading.

Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Share Units, and Performance Units are sometimes referred to herein 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(d), the maximum number of shares of Common Stock available for Awards to Employee Participants and Non-Employee Director Participants under the Plan shall be 35,000,000, provided that this number will be increased by any shares of Common Stock that become available as a result of performance goals not being achieved for any Performance Share Units or Performance Units issued under the General Mills, Inc. 2011 Stock Compensation Plan. Stock Options and Stock Appreciation Rights awarded shall reduce the number of shares available for Awards by one share for every one share granted. Awards of Restricted Stock, Restricted Stock Units, Performance Share Units, Performance Units, and Unrestricted Stock settled in shares of Common Stock shall reduce the number of shares available for Awards by one share for every one share delivered, up to 33 percent of the total number of shares available; beyond that, Restricted Stock, Restricted Stock Units, Performance Share Units, Performance Units, and Unrestricted Stock settled in shares of Common Stock shall reduce the number of shares available for Awards by 6 shares for every one share delivered. Any Awards 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, or which expires or otherwise terminates without being exercised, 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 Option or 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 is exercised through the delivery of Common Stock in satisfaction of the Exercise Price, (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, or (iii) any shares of Common Stock are repurchased with proceeds received from the exercise of a Stock Option issued under this Plan or any prior plans, 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 and not be available for reissuance under the Plan. Additionally, if withholding tax requirements are satisfied through the withholding of Common Stock otherwise deliverable in connection with the vesting of any Restricted Stock, Restricted Stock Unit, Performance Share Unit, or Performance Unit any shares so withheld shall count against the maximum number of shares available for grants under the Plan and not be available for reissuance under the Plan.

Upon forfeiture, termination, or expiration of any Awards prior to the vesting or earning/settlement date, the shares of Common Stock subject thereto shall again be available for Awards under the Plan and added back to the maximum number of shares of Common Stock available for Awards under the Plan in the same multiple as they were awarded pursuant to the first paragraph of this Section 5(a).

(b) Individual Limits for Employee Participants. 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, Performance Share Units and stock-denominated Performance Units granted under the Plan to any single Employee Participant shall not exceed, in the aggregate, 2,000,000 shares and/or units per fiscal year. The maximum dollar value of cash-denominated Performance Units payable to any single Employee Participant shall be $20,000,000 per fiscal year. These per-Employee Participant limits shall be construed and applied consistently with Code section 162(m) ("Section 162(m)") and the regulations thereunder.

(c) Individual Limits for Non-Employee Director Participants. The aggregate fair market value of all compensation granted for Board service rendered during any Board Year to any Non-Employee Director Participant under the Plan and any other compensatory plan or arrangement of the Company shall not exceed $800,000 during any Board Year; provided, however, that compensation paid to any Non-Employee Director Participant designated as chair of the Board shall not be subject to the foregoing limitation, but instead is subject to the limits set forth in Section 5(b). For purposes of calculating the value of non-cash compensation paid to a Non-Employee Director Participant, all stock-based awards shall be valued at the grant date fair value as determined by the Company for financial statement purposes and all other non-cash compensation shall be valued at fair market value as reasonably determined by the Committee. A "Board Year" shall mean the time period beginning the day of each annual shareholders' meeting and ending the day before the succeeding annual shareholders' meeting.

(d) 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; (v) the performance conditions applicable to outstanding Awards; and, if applicable; (vi) 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. Any shares of Common Stock underlying Awards granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of a corporate transaction involving the Company shall not, unless required by law or regulation, count against the reserve of available shares of Common Stock under the Plan. For purposes of this paragraph a corporate transaction includes, but is not limited to, any dividend (other than a cash dividend that is not an extraordinary cash 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, acquisition, 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 or cause the Stock Option or Stock Appreciation Right to fail to be exempt from Section 409A.

(e) 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, as amended), 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.

(f) Other Restrictions. 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(d) and absent shareholder approval, the Exercise Price of an outstanding Stock Option may not be decreased after the grant date; the value of Common Stock used to determine the amount paid upon the exercise of a Stock Appreciation Right (i.e., the equivalent of an option's exercise price) may not be decreased after the date of grant; no outstanding Stock Options or Stock Appreciation Rights may be surrendered to the Company as consideration or otherwise for the grant of a new Award with a lower exercise price; the Company cannot purchase, replace, or exchange for another Award any Stock Option or Stock Appreciation Right that has an Exercise Price or Common Stock value (i.e. the equivalent of an option's exercise price) greater than the current market price of the underlying Common Stock with cash or any other consideration; and no other modifications to any outstanding Stock Options or Stock Appreciation Rights may be made that would be treated as a "repricing" under the then applicable rules or listing requirements adopted by the New York Stock Exchange.

(d) Dividends and Dividend Equivalents. No dividends or dividend equivalents shall be paid or accrued on any Stock Options or Stock Appreciation Rights granted under this Plan.

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 Section 11 (Change of Control), each Stock Option or Stock Appreciation Right may be exercised only in accordance with the terms and conditions of the Stock Option or Stock Appreciation Right grant agreement and during the periods as may be established by the Committee.

(c) Vesting. Stock Options and Stock Appreciation Rights shall not be exercisable unless vested. Subject to Section 11 Stock Options and Stock Appreciation Rights shall be fully vested only after at least three years of the Employee Participant's continued service with the Company following the date of the grant. No portion of any Stock Option or Stock Appreciation Right shall have a vesting period that is less than one year from the date of the grant. Notwithstanding any other provision of this Plan to the contrary, the Committee may in its discretion award up to five percent of the shares authorized under this Plan with vesting or restricted periods less than three years for Employee Participants and less than one year for Non-Employee Director Participants, subject to the limits of Sections 5(b) and 5(c). For the avoidance of doubt, the prior sentence shall not be construed to limit the Committee's discretion to provide for accelerated exercisability or vesting of an Award, including, but not limited to, in cases of death, disability, retirement or a Change of Control.

(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 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 Employee Participant (by either actual delivery or attestation) or the withholding of shares of Common Stock by the Company;

(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 to Employee Participants, and on an annual basis to Non-Employee Director Participants. 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 Restricted Stock Units awarded. No portion of any Restricted Stock or Restricted Stock Unit shall have a vesting period that is less than one year from the date of grant.

(a) Discretionary Awards for Employee Participants. With respect to discretionary Awards of Restricted Stock and Restricted Stock Units, the Committee shall:

(i) Select Employee 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 an Employee Participant;

(iii) Determine the length of the restricted period, which, for full vesting shall be no less than three years, provided no portion of any Restricted Stock or Restricted Stock Units shall have a restricted period that is less than one year from the date of the grant;

(iv) Determine the purchase price, if any, to be paid by the Employee 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 for Employee Participants. 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 Section 162(m). Performance-based Awards are subject to the following:

(i) The Committee has exclusive authority to determine which Employee 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 Employee 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 Employee Participant eligible for a performance-based Restricted Stock or Restricted Stock Unit Award shall be deemed to have earned an amount equal in value to the Maximum Amount (as defined below), 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 Employee Participant. For purposes of computing the value of any such 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) The total value and/or number of shares or units of the performance-based Restricted Stock or Restricted Stock Unit Award granted to any Employee Participant for any one Performance Period shall not exceed the lesser of 0.5 percent of the Company's Net Earnings for that Performance Period, or the individual grant limits set forth in Section 5(b) hereof (the "Maximum Amount").

(v) The Committee shall determine the length of the restricted period which, other than as expressly allowed under the Plan, shall be no less than three years.

(vi) "Performance Period" means a fiscal year of the Company, or such other period as the Committee may from time to time establish, which in no case shall be less than one year.

(c) Annual Awards for Non-Employee Director Participants. On the effective date of the Plan (or, if a Non-Employee Director Participant is first elected after the effective date of the Plan, then on the date the Non-Employee Director Participant first attends a Board meeting) and at the close of business on each successive annual shareholders' meeting, each Non-Employee Director Participant who is re-elected to the Board shall be awarded Restricted Stock or Restricted Stock Units in an amount determined from time to time by the Board or its delegate. The restricted period for any such awards granted under this Section 8(c) shall be no less than one year.

(d) Dividends, Dividend Equivalents and Voting. Subject to the restrictions set forth in this Section, each Participant who receives Restricted Stock shall have certain rights as a shareholder with respect to such shares, as set forth in the applicable Award Agreement. Participants who receive Restricted Stock Units shall have no rights as shareholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants (if applicable). At the discretion of the Committee, Restricted Stock and Restricted Stock 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 dividends, 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 Restricted Stock and Restricted Stock Units are satisfied, 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 and Restricted Stock Units to which they relate vest, as provided under the applicable terms of the Plan and Award Agreement(s). Dividends, dividend equivalents, and other distributions that are not so vested shall be forfeited.

Notwithstanding any other provision of this Plan to the contrary, the Committee may in its discretion award up to five percent of the shares authorized under this Plan with vesting or restricted periods less than three years for Employee Participants and less than one year for Non-Employee Director Participants, subject to the limits of Sections 5(b) and 5(c). For the avoidance of doubt, the prior sentence shall not be construed to limit the Committee's discretion to provide for accelerated exercisability or vesting of an Award, including, but not limited to, in cases of death, disability, retirement or a Change of Control.

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 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 SHARE UNITS AND PERFORMANCE UNITS

(a) Grant. The Committee may grant performance awards to Employee Participants 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 Employee Participant to be granted Performance Share Units or Performance Units for a Performance Period, 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 Employee Participant eligible for Performance Share Units or Performance Units 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 Employee Participant. For purposes of computing the grant value of any such Awards, each Performance Share Unit or Performance Unit 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 such 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 Awards granted under this Section 9 in the event of the Employee's termination 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) and (c), Awards granted under this Section 9 shall not be paid other than on the date specified in the relevant Award Agreement after the end of the Additional Performance Period. No portion of any Performance Share Units or Performance Units shall have a vesting period that is less than one year from the date of the grant. Notwithstanding any other provision of this Plan to the contrary, the Committee may in its discretion award up to five percent of the shares authorized under this Plan with vesting or restricted periods less than three years for Employee Participants and less than one year for Non-Employee Director Participants, subject to the limits of Sections 5(b) and 5(c). For the avoidance of doubt, the prior sentence shall not be construed to limit the Committee's discretion to provide for accelerated exercisability or vesting of an Award, including, but not limited to, in cases of death, disability, retirement or a Change of Control.

(e) Maximum Amount. The total value of Awards granted to any Employee Participant for any one Performance Period shall not exceed the Maximum Amount.

(f) 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 shareholders and in particular shall have no voting rights.

(g) Off-Cycle Grants. Subject to the limits of Section 5(b), the Committee may determine in its discretion to grant Employee Participants Performance Share Units or Performance Units outside of the requirements of Sections 9(b) and 9(c). For purposes of computing the grant value of any such Awards, each Performance Share Unit or Performance Unit 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 such Award is granted.

The Committee may in its discretion permit Employee Participants 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 required 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 Securities Exchange Act of 1934, as amended (the "1934 Exchange Act")), (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Exchange Act, as amended) 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 shareholders of the Company of a complete liquidation or dissolution of the Company.

(b) Notwithstanding any other provision of this Plan to the contrary, if, within two years after a Change of Control an Employee 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 unless otherwise provided in the applicable Award Agreement:

(i) All of his or her then outstanding and unvested 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 or, if earlier, the end of the term of the Stock Option and Stock Appreciation Right.

(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 Employee Participant's separation from service (within the meaning of Section 409A) or in the case of an Employee 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 Employee Participant's separation from service.

(c) Notwithstanding any other provision of this Plan to the contrary, if a Change of Control occurs and a Non-Employee Director Participant, at the request of the Company or its shareholders, resigns or is otherwise replaced, removed or dismissed from the Board, then all awards held by the Non-Employee Director Participant shall fully and immediately vest, and for Options, shall be exercisable and, for Stock Units, shall be paid immediately if the Non-Employee Director Participant experiences a "separation from service" under Section 409A, pursuant to the terms of the Plan that are otherwise applicable.

(d) Notwithstanding any other provision of this Plan to the contrary, 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, which shall be reasonable, preserves the existing value of outstanding Awards at the time of the Change of Control, then the following shall occur unless otherwise provided in the applicable Award Agreement:

(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) To the extent Code Section 409A applies, 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), Employee and Non-Employee Director Participants' Restricted Stock Units and Performance Awards shall be settled and paid upon the Change of Control in accordance with the requirements of Code Section 409A.

(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 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, 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 would not be eligible to be exchanged for any consideration and are subject to cancellation without consideration. Furthermore, the Committee is under no obligation to treat Awards and/or Employee Participants uniformly and has the discretionary authority to treat Awards and Employee Participants disparately.

(e) 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, subject to Subsection 11(b) hereof.

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.

(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 1934 Exchange Act, 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, acceleration (notwithstanding any default minimum vesting requirements set forth in the Plan), reduction, cancellation, forfeiture, or recoupment under certain circumstances, and (subject to the restrictions imposed by Section 12) 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, Award Agreements, and any other documents ancillary thereto, 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, Award Agreement, and any other documents ancillary thereto, reconcile any technical inconsistencies in connection with the Plan, Award Agreement, and any other documents ancillary thereto, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(iv) Any interpretation of the Plan, Award Agreements, and any other documents ancillary thereto, by the Committee and any decision made by it under the Plan, Award Agreements, and any other documents ancillary thereto, is final and binding. There is no obligation for uniformity or consistency of treatment of Participants or Awards under the Plan.

(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.

13. 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 shareholders which would:

(a) except as provided in Section 5(d), 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(d), permit the repricing (as described in Section 6(c)) of outstanding Stock Options or Stock Appreciation Rights; or

(d) amend the individual limits on awards set forth in Sections 5(b) or 5(c) which may be granted to any single Employee or Non-Employee Director 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.

14. FOREIGN JURISDICTIONS

Notwithstanding any provision of the Plan to the contrary, in order to foster and promote achievement of the purposes of the Plan and/or to comply with provisions of the laws in countries outside the United Sates in which the Company operates or has employees, the Committee, in its sole discretion, shall have the power and authority to (i) determine which Eligible Persons (if any) employed by the Company outside the United States should participate in the Plan, (ii) modify the terms and conditions of any Awards made to such Eligible Persons, and (iii) establish sub-plans, modified Option exercise procedures and other Award terms, conditions and procedures to the extent such actions may be necessary or advisable to comply with provisions of the laws in such countries outside the United States in order to assure the lawfulness, validity and effectiveness of Awards granted under the Plan.

15. 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. The Committee shall not permit, and an Award Agreement shall not provide for, any outstanding Award to be transferred or transferable to a third party for value or consideration.

16. NON-ALIENATION OF RIGHTS AND BENEFITS

Subject to Sections 15 and 19, and the rights of the Company and the Committee 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 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. CLAWBACK POLICY

Awards are specifically made subject to the Company's Executive Compensation Clawback Policy, as it is amended from time to time, to the full extent said Policy is applicable.

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

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Six-Month Period Ended		**Fiscal Year Ended**				
In Millions, Except Ratios	**Nov. 26, 2017**	**Nov. 27, 2016**	**May 28, 2017**	**May 29, 2016**	**May 31, 2015**	**May 25, 2014**	**May 26, 2013**
Earnings before income taxes and after-tax earnings from joint ventures	**$1,208.3**	$1,265.3	$2,271.3	$2,403.6	$1,761.9	$2,655.0	$2,534.9
Distributed income of equity investees	**45.1**	31.9	75.6	75.1	72.6	90.5	115.7
Plus: Fixed charges (1)	**186.9**	189.3	374.8	386.8	403.5	389.8	400.1
Plus: Amortization of capitalized interest, net of interest capitalized	**0.7**	(0.2)	(0.9)	(3.4)	(3.0)	(0.8)	(0.4)
Earnings available to cover fixed charges	**$1,441.0**	$1,486.3	$2,720.8	$2,862.1	$2,235.0	$3,134.5	$3,050.3
Ratio of earnings to fixed charges	**7.71**	7.85	7.26	7.40	5.54	8.04	7.62
(1) Fixed charges:							
Interest expense	**$ 152.4**	$ 154.8	$ 306.7	$ 319.6	$ 335.5	$ 323.4	$ 333.8
Preferred distributions to noncontrolling interest holders	**3.2**	2.5	5.4	4.2	3.5	3.4	3.7
Rentals (1/3)	**31.3**	32.0	62.7	63.0	64.5	63.0	62.6
Total fixed charges	**$ 186.9**	$ 189.3	$ 374.8	$ 386.8	$ 403.5	$ 389.8	$ 400.1

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 the noncontrolling interest holder, plus one-third (the proportion deemed representative of the interest factor) of rent expense.

Exhibit 31.1

I, Jeffrey L. Harmening, 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: December 20, 2017

/s/ Jeffrey L. Harmening

Jeffrey L. Harmening
Chief Executive Officer

Exhibit 31.2

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: December 20, 2017

/s/ Donal L. Mulligan

Donal L. Mulligan
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

I, Jeffrey L. Harmening, 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 November 26, 2017 (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: December 20, 2017

/s/ Jeffrey L. Harmening

Jeffrey L. Harmening
Chief Executive Officer

Exhibit 32.2

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 November 26, 2017 (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: December 20, 2017

/s/ Donal L. Mulligan

Donal L. Mulligan
Executive Vice President and
Chief Financial Officer