

GENERAL MILLS INC  
Form DEF 14A  
August 16, 2010

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

General Mills, Inc.

(Name of Registrant as Specified In Its Charter)  
Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which            the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee        was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

NOTICE OF

2010 ANNUAL MEETING

OF STOCKHOLDERS

AND PROXY STATEMENT

**Meeting Date:**

Monday, September 27, 2010  
at 11:00 a.m. (Central Daylight Time)

**Meeting Place:**

Children's Theatre Company  
2400 Third Avenue South  
Minneapolis, Minnesota

---

**Table of Contents**

August 16, 2010

Dear Stockholder:

It is my pleasure to invite you to the General Mills 2010 Annual Meeting of Stockholders. We will hold the meeting in the auditorium of the Children's Theatre Company, 2400 Third Avenue South, Minneapolis, Minnesota, on Monday, September 27, 2010, at 11:00 a.m. Central Daylight Time. During the meeting, we will discuss each item of business described in this Notice of Annual Meeting of Stockholders and Proxy Statement, and we will give a current report on our business operations. There also will be time for questions. We expect the meeting to adjourn at about 12:15 p.m. We hope you will be able to attend the meeting. If you need special assistance at the meeting because of a disability, please contact the Corporate Secretary at the address above or via e-mail at [corporate.secretary@genmills.com](mailto:corporate.secretary@genmills.com).

Whether or not you expect to attend, please vote your proxy so your shares will be represented at the meeting.

Sincerely,

---

**Table of Contents**

**NOTICE OF  
2010 ANNUAL MEETING OF STOCKHOLDERS  
SEPTEMBER 27, 2010**

August 16, 2010

Dear Stockholder:

The Annual Meeting of Stockholders of General Mills, Inc. will be held on Monday, September 27, 2010, at 11:00 a.m., Central Daylight Time, in the auditorium of the Children's Theatre Company, 2400 Third Avenue South, Minneapolis, Minnesota. Stockholders will be asked to:

1. Elect as directors the 14 nominees named in the attached proxy statement;
2. Approve the Executive Incentive Plan;
3. Ratify the appointment of KPMG LLP as General Mills' independent registered public accounting firm for our fiscal year ending May 29, 2011;
4. Cast an advisory vote on executive compensation; and
5. Transact any other business that properly comes before the meeting.

The record date for the Annual Meeting is July 29, 2010. If you held General Mills stock at the close of business on that date, you are entitled to vote at the Annual Meeting.

**Your vote is important. We encourage you to vote by proxy, even if you plan to attend the meeting. You may vote your proxy as follows:**

If you received a Notice of Internet Availability of Proxy Materials in the mail, you may use the 12-digit control number on the Notice to access the proxy materials and vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com); or

If you have a printed copy of the proxy materials, you may use the 12-digit control number on your proxy card to vote by telephone or via the Internet at [www.proxyvote.com](http://www.proxyvote.com), or you may sign and return the proxy card.

Please consult your Notice of Internet Availability of Proxy Materials or proxy card for specific voting instructions. For questions on accessing proxy materials or voting on the Internet, please contact us at 800-245-5703.

To request a printed copy of the proxy materials, please call 800-579-1639, e-mail [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com) or visit [www.proxyvote.com](http://www.proxyvote.com). You will need your 12-digit control number to make your request.

Sincerely,

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 27, 2010**

**Our Notice of 2010 Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders are available on the General Mills website at [www.generalmills.com](http://www.generalmills.com) in the Investors section.**

---

## TABLE OF CONTENTS

	<b>Page</b>
<u>Proposal Number 1 – Election of Directors</u>	1
<u>Corporate Governance</u>	8
<u>Board Independence</u>	8
<u>Certain Relationships and Related Transactions</u>	8
<u>Director Nominations</u>	9
<u>Board Leadership</u>	10
<u>The Board’s Role in Risk Management</u>	11
<u>Board Committees and Their Functions</u>	12
<u>Determining Executive Compensation</u>	14
<u>Codes of Conduct for Directors and Employees</u>	14
<u>Communications with the Board</u>	15
<u>Director Compensation and Benefits</u>	16
<u>Ownership of General Mills Common Stock by Directors, Officers and Certain Beneficial Owners</u>	19
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	20
<u>Proposal Number 2 – Adoption of the Executive Incentive Plan</u>	21
<u>Equity Compensation Plan Information</u>	23
<u>Executive Compensation</u>	24
<u>Compensation Committee Report</u>	24
<u>Compensation Discussion and Analysis</u>	24
<u>Summary Compensation Table</u>	36
<u>Grants of Plan-Based Awards for Fiscal 2010</u>	41
<u>Outstanding Equity Awards at 2010 Fiscal Year-End</u>	42
<u>Option Exercises and Stock Vested for Fiscal 2010</u>	45
<u>Pension Benefits</u>	45
<u>Other Retirement Savings Plans</u>	47
<u>Nonqualified Deferred Compensation</u>	48
<u>Potential Payments Upon Termination</u>	48
<u>Proposal Number 3 – Ratify Appointment of the Independent Registered Public Accounting Firm</u>	52
<u>Audit Committee Report</u>	53
<u>Independent Registered Public Accounting Firm Fees</u>	54
<u>Proposal Number 4 – Advisory Vote on Executive Compensation</u>	54
<u>Other Business</u>	55
<u>Questions and Answers about the Annual Meeting and Voting</u>	56
<u>Solicitation of Proxies</u>	58
<u>Delivery and Viewing of Proxy Materials</u>	59
<u>Annual Reports</u>	59
<u>Appendix A – Director Independence Standards</u>	A-1
<u>Appendix B – Executive Incentive Plan</u>	B-1



Table of Contents

**GENERAL MILLS, INC.  
PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON  
MONDAY, SEPTEMBER 27, 2010**

The board of directors of General Mills, Inc. (referred to as General Mills, we, our, us or the company ) is soliciting proxies for use at the Annual Meeting of Stockholders to be held on September 27, 2010. This proxy statement summarizes the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares. We first mailed or made available the proxy materials on or about August 16, 2010.

**PROPOSAL NUMBER 1**

**ELECTION OF DIRECTORS**

The fourteen director nominees presented below are recommended for election to the board of directors. They will be elected by a majority of votes cast for a one-year term and serve until the next annual meeting where their successors are elected, or, if earlier, until their retirement, resignation or removal. If unforeseen circumstances (such as death or disability) make it necessary for the board of directors to substitute another person for any of the nominees, the proxies will vote your shares for that other person unless you instruct us otherwise when you vote.

The board believes that meaningful stockholder participation is critical to the election of directors. Generally, our directors are elected annually by a majority of votes cast. If an incumbent director is not re-elected, the director must promptly offer his or her resignation to the board. The corporate governance committee will recommend to the board whether to accept or reject the resignation, and the board will disclose its decision and the rationale behind it within 90 days from the certification of the election results. If ever there are more director nominees than the number of directors to be elected, the directors will be elected by a plurality of the votes cast.

Our overall board composition guidelines require expertise in fields relevant to the business of the company and prioritize a breadth of experience from a variety of industries and from professional disciplines such as finance, academia, law and government. Our guidelines also include a policy of encouraging a diversity of gender, ethnicity, age and geographic location; and a range of tenures on the board to ensure both continuity and fresh perspective. The corporate governance committee periodically evaluates our progress against these guidelines in conjunction with its director search process. Final approval of director nominees is determined by the full board, based on the recommendation of the corporate governance committee.

We have well-defined selection criteria for individual directors that require independence, integrity, experience and sound judgment in areas relevant to our businesses, a proven record of accomplishment, willingness to speak one's mind and commit sufficient time to the board, appreciation for the long-term interests of stockholders, the ability to challenge and stimulate management and the ability to work well with fellow directors.

As part of each director's biography, we identify and describe key experiences, qualifications and skills that the director contributes to the board. While each director comes from a unique background, the overall composition of the board includes broad experience in a number of important areas:

***Leadership.*** We believe that directors who have served as chief executive officers or senior executives are in a position to contribute practical insight into issues of business strategy and operations. They also have access to important sources of market intelligence, analysis and relationships that benefit the company.

***Industry experience.*** As a company that relies on the strengths of our branded products, we seek directors who are familiar with the consumer packaged goods industry, have global marketing and retail experience, and who have brand building expertise.

**Table of Contents**

***Financial expertise.*** We believe that a strong understanding of finance and financial reporting processes is important for our directors. Our directors have significant capital markets experience, corporate finance expertise and financial reporting backgrounds. Each of our audit committee members is financially literate, and three of our directors qualify as audit committee financial experts.

***Public policy experience.*** Directors with governmental and policymaking experience play an increasingly important role on our board as our business becomes more heavily regulated and as our engagement with stakeholders continues to expand.

***Global perspective.*** A significant portion of the company's future growth depends on its success in markets outside of the United States. Directors with a global perspective help us make decisions on our strategic expansion into those markets.

**Bradbury H. Anderson**

Director since 2007

Bradbury H. Anderson, age 61, served as Vice Chairman of the Board of Best Buy Co., Inc., an electronics retailer, from 2002 until his retirement in June 2010. He was also Chief Executive Officer of Best Buy from 2002 until his retirement from that position in June 2009. Mr. Anderson joined Best Buy in 1973. Prior to becoming Chief Executive Officer, he served as Executive Vice President from 1986 to 1991 and President and Chief Operating Officer from 1991 to 2002.

Mr. Anderson brings to the board nearly 30 years of valuable retail expertise, unique consumer insights and brand building experience. He also adds strong leadership capabilities, strategic planning experience and operating expertise. During his tenure at Best Buy, Mr. Anderson helped to build the company from a local electronics retailer into a Fortune 100 company with a very strong branded identity.

**R. Kerry Clark**

Director since May 2009

R. Kerry Clark, age 58, served as Chairman and Chief Executive Officer of Cardinal Health, Inc., a provider of health care products and services, until his retirement in September 2009. Mr. Clark joined Cardinal Health in April 2006 as President and Chief Executive Officer and became Chairman in November 2007. Prior to that, he had held various positions at The Procter & Gamble Company, a consumer products company, since 1974, including President of P&G Asia; President, Global Market Development and Business Operations; and from 2004 to 2007, Vice Chairman of the Board. He is a director of Textron, Inc. and Bausch & Lomb, Incorporated, and he was a director of Cardinal Health, Inc., from 2006 to 2009.

Mr. Clark brings to the board business leadership, corporate strategy and operating expertise, and a strong background in consumer packaged goods. In particular, he has extensive experience in launching new products, brand building, innovation, marketing, customers and sales channels. Mr. Clark also lends a global business perspective, based on his leadership of

global business operations at Procter & Gamble.

**Table of Contents**

**Paul Danos**

Director since 2004

Paul Danos, age 68, has been Dean and Laurence F. Whittemore Professor of Business Administration at Tuck School of Business at Dartmouth College since 1995. Prior to that, Mr. Danos held academic positions at the University of Michigan from 1974 to 1995, the University of Texas from 1971 to 1974 and the University of New Orleans from 1970 to 1971. He is a director of B.J. s Wholesale Club, Inc.

As a scholar and educator, Mr. Danos brings to the board significant financial accounting expertise and a unique approach to examining issues. Mr. Danos has been involved in several decades of research and scholarship, most recently as a Dean at Dartmouth College and before that as the Arthur Andersen Professor of Accounting at the University of Michigan. Mr. Danos is also actively involved in corporate governance and risk assessment, as a member of the audit committee and the chair of the corporate governance committee at B.J. s Wholesale Club. He is one of our audit committee s financial experts.

**William T. Esrey**

Director since 1989

William T. Esrey, age 70, is Chairman of the Board of Spectra Energy Corp., a provider of natural gas infrastructure, and Chairman Emeritus of Sprint Nextel Corporation, a telecommunications company. Mr. Esrey served as Chairman of the Board for Sprint from 1990 to 2003 and Chief Executive Officer from 1985 to 2003. Mr. Esrey is a director of Airvana, Inc.

As a former Chairman of the Board and Chief Executive Officer of Sprint Nextel Corporation, Mr. Esrey brings leadership, strategic planning, mergers and acquisitions and operating experience from a large, diversified company. During his tenure at Sprint, the company developed from a rural telephone company into a multibillion dollar international corporation. Mr. Esrey also served as managing director at the investment banking firm of Dillon Read & Co. and provides the board with significant capital markets and corporate finance expertise. He currently serves as our finance committee chair, and is one of the company s audit committee financial experts.

**Raymond V. Gilmartin**

Director since 1997

Raymond V. Gilmartin, age 69, has been a Professor of Management Practice at the Harvard Business School since July 2006. He is the former Chairman, President and Chief Executive Officer of Merck & Company, Inc., a pharmaceutical company, and served in that capacity from 1994 to 2005. He served as Special Advisor to the Executive Committee of the Board of Merck from 2005 to 2006. He previously served as Chairman, President and Chief Executive Officer of Becton Dickinson and Company, a medical technology company. Mr. Gilmartin is a director of Microsoft Corporation.

Mr. Gilmartin brings to the board strong leadership, strategic planning capabilities, new product innovation and branding experience, and international operating expertise from his time at Merck. As our Presiding Director, he draws on his management and boardroom experiences to foster active discussion and collaboration among the independent directors on the board, and to serve as an effective liaison with management. Mr. Gilmartin also provides direct access to the latest developments and scholarship concerning strategic business planning, based on his faculty position at the Harvard Business School.

**Table of Contents**

**Judith Richards Hope**

Director since 1989

Judith Richards Hope, age 69, has been Distinguished Visitor from Practice and Professor of Law since March 2005 and was an Adjunct Professor from 2002 to 2004 at Georgetown University Law Center. Ms. Hope was a partner at the law firm of Paul, Hastings, Janofsky & Walker from 1981 until 2003 and a Senior Advisor to the Paul, Hastings firm from 2004 to 2005. Ms. Hope is a director of Union Pacific Corporation.

Ms. Hope brings considerable legal oversight, risk assessment and policymaking expertise to the board and the public responsibility committee. Ms. Hope's law practice extensively involved clients from regulated industries. She served as Vice Chair of the President's Commission on Organized Crime under President Ronald Reagan and as Associate Director of the White House Domestic Council under President Gerald Ford. Ms. Hope is also the chair of the audit committee at our company and at Union Pacific.

**Heidi G. Miller**

Director since 1999

Heidi G. Miller, age 57, was appointed in June 2010 as President of JPMorgan International, a division of JPMorgan Chase & Co. which focuses on growth in emerging markets and expanding the bank's global corporate bank. She previously had served as Executive Vice President, ceo, Treasury & Security Services, of JPMorgan Chase since July 2004. From 2002 to 2004, Ms. Miller served as Executive Vice President and Chief Financial Officer of Bank One Corporation.

Ms. Miller's financial expertise, risk management skills and international business background are valuable assets to the board and the finance committee. After earning a doctorate in Latin American History at Yale University, Ms. Miller spent 13 years with the Latin America Division of Chemical Bank, serving most recently as managing director and head of the emerging markets structured finance group. More recently, as head of Treasury & Security Services at JPMorgan Chase, she led the successful launch of a variety of new products and the group's global expansion, particularly in Asia.

**Hilda Ochoa-Brillembourg**

Director since 2002

Hilda Ochoa-Brillembourg, age 66, is the founder and has been since 1987 the President and Chief Executive Officer of Strategic Investment Group and Director of Emerging Markets Investment Corporation, both investment advisory firms. From 1976 to 1987, she served in various capacities within the Pension Investment Division of the World Bank, including as its Chief Investment Officer from 1981 to 1987. Prior to joining the World Bank, she served as an independent consultant in the fields of economics and finance, a lecturer at the Universidad Catolica Andres Bello in Venezuela and as treasurer of the C.A. Luz Electrica de Venezuela in Caracas. Ms. Ochoa-Brillembourg is a director of McGraw-Hill Companies.

As President and Chief Executive Officer of the Strategic Investment Group, and as a former Chief Investment Officer for the World Bank, Ms. Ochoa-Brillembourg brings both a public and a private sector perspective on financial markets, financial services, corporate finance and accounting to the board. From these roles, she has experience developing and reviewing risk management processes. She also contributes significant global policymaking and international experience, based on her service at the World Bank and the David Rockefeller Center for Latin American Studies.



**Table of Contents**

**Steve Odland**

Director since 2004

Steve Odland, age 51, has been Chairman and Chief Executive Officer of Office Depot, Inc., an office merchandise retailer, since March 2005. From January 2001 to March 2005, he was Chairman and Chief Executive Officer of AutoZone, Inc., an auto parts retailer. Mr. Odland was an executive with Ahold USA, an international food retailer, from 1998 to 2000 and was President of the Foodservice Division of Sara Lee Bakery from 1997 to 1998. He was employed by The Quaker Oats Company from 1981 to 1996. He served as a director of AutoZone from 2001 to 2005.

As Chairman and Chief Executive Officer, currently at Office Depot and formerly at AutoZone, Mr. Odland brings business leadership and strategic planning skills, retail expertise and an operating background to the board. He provides valuable insights into consumer products marketing, brand building, food service business-to-business and international management from his executive roles in the food industry at Ahold, Quaker Oats and Sara Lee. Mr. Odland also lends expertise on corporate governance policy and corporate financial planning.

**Kendall J. Powell**

Director since 2006

Kendall J. Powell, age 56, is Chairman of the Board and Chief Executive Officer of General Mills. Mr. Powell joined General Mills in 1979 and served in a variety of positions before becoming a Vice President in 1990. He became President of Yoplait in 1996, President of the Big G cereal division in 1997, and Senior Vice President of General Mills in 1998. From 1999 to 2004, he served as Chief Executive Officer of Cereal Partners Worldwide (CPW), our joint venture with Nestlé. He returned from CPW in 2004 and was elected Executive Vice President. Mr. Powell was elected President and Chief Operating Officer of General Mills with overall global operating responsibility for the company in June 2006, Chief Executive Officer in September 2007 and Chairman of the Board in May 2008. He is a director of Medtronic, Inc.

During Mr. Powell's tenure as Chairman and Chief Executive Officer, the company has experienced successive years of strong sales, profit and earnings growth, coupled with strong returns to stockholders. Mr. Powell has served in a number of key marketing and operational roles in the company's US Retail divisions. He also spent eleven years abroad focusing on our international operations, including five years as Chief Executive Officer of CPW. His career-long dedication to the company; wide-ranging familiarity with the business; experience with the strategies that drive growth, both in the U.S. and internationally; and his collaborative working style have positioned him well to serve as our Chairman of the Board.

**Lois E. Quam**

Director since 2007

Lois E. Quam, age 49, is the founder of Tysvar, LLC, a company that develops businesses in the health care and clean energy sectors. From August 2007 to March 2009, she was Managing Director of Alternative Investments at Piper Jaffray, an investment bank and international securities firm. Prior to that, Ms. Quam had served in various capacities at insurance provider UnitedHealth Group since 1989, including as Executive Vice President, President of the Public and Senior Markets Group from 2006 to 2007 and as Chief Executive Officer of the Ovations division from 2002 to 2006.

As a former senior executive at UnitedHealth Group and founder of a venture capital firm, Ms. Quam brings to the board strong strategic planning and management skills from high-growth settings. She also has significant experience on public policy and regulatory issues on a national and an international level, and she is a highly respected voice in the discussion on sustainable energy solutions and health care services. Ms. Quam served as a Senior Advisor on the White House Task Force on National Health Care Reform.

**Table of Contents**

**Michael D. Rose**

Director from 1985 to 2000 and since 2004

Michael D. Rose, age 68, has been Chairman of the Board of First Horizon National Corporation, a banking and financial services company, and its subsidiary, First Tennessee Bank National Association, since January 2007. Since 1998, Mr. Rose has been a private investor and Chairman of Midaro Investments, Inc., a privately held investment firm. He served as Chairman of the Board of Gaylord Entertainment Company from 2001 to 2005. Mr. Rose is also a director of Darden Restaurants, Inc. and Gaylord Entertainment Company. He served as a director at SteinMart, Inc. from 1998 to 2006, and at FelCor Lodging Trust from 1998 to 2006.

Based on his service as chairman for a number of public companies, most recently at First Horizon and Gaylord Entertainment, Mr. Rose brings leadership, strategic planning and governance expertise to the board. His knowledge of retail and consumer issues, accumulated over years of leadership roles in consumer service and hospitality companies, has enriched board discussions on marketing and brand building strategies. Mr. Rose is also active in governance and compensation matters. He serves as chair of the compensation committee at our company and at Darden Restaurants.

**Robert L. Ryan**

Director since 2005

Robert L. Ryan, age 67, served as Senior Vice President and Chief Financial Officer of Medtronic, Inc., a medical technology company, from 1993 until his retirement in April 2005. Mr. Ryan was Vice President, Finance, and Chief Financial Officer of Union Texas Petroleum Corp. from 1984 to 1993, Controller from 1983 to 1984 and Treasurer from 1982 to 1983. Prior to 1982, Mr. Ryan was Vice President at Citibank and was a management consultant for McKinsey & Company. Mr. Ryan is a director of Stanley Black & Decker, Inc., Citigroup Inc. and Hewlett-Packard Company, and he was a director of UnitedHealth Group from 1996 to 2008.

As former Chief Financial Officer at Medtronic and Union Texas Petroleum, Mr. Ryan brings significant audit, financial reporting, corporate finance and risk management experience to the board, including experience overseeing the controller, global audit, tax and treasury functions at these public companies. He has a high level of understanding of the board's role and responsibilities based on his service on other public company boards. He is one of our audit committee financial experts.

**Table of Contents**

**Dorothy A. Terrell**

Director since 1994

Dorothy A. Terrell, age 65, has been a limited partner of First Light Capital, a venture capital firm, since April 2003. Ms. Terrell served as President and Chief Executive Officer of the Initiative for a Competitive Inner City, a non-profit organization focused on inner city business development, from 2005 until 2007, and as Senior Vice President, Worldwide Sales, and President, Platform & Services Group, of NMS Communications, a producer of hardware and software component products for telecommunications applications, from 1998 until 2002. She served in various executive management capacities at Sun Microsystems, Inc. from 1991 to 1997 and Digital Equipment Corporation from 1976 to 1991. Ms. Terrell is a director of Herman Miller, Inc., and she was a director at Sears, Roebuck and Co. from 1996 to 2005 and at Lightbridge, Inc. from 2003 to 2005.

During her leadership roles at First Light and at three premier technology companies, Ms. Terrell has helped businesses reach profitability, and she brings a breadth of experience in e-commerce, international marketing, plant management, manufacturing and enterprise risk assessment to the board's strategic discussions. Ms. Terrell's commitment to inner city business development and health care causes has positioned her to be an informed and effective chair for our public responsibility committee.

**The board of directors unanimously recommends a vote FOR each director nominee.**

7

---

**Table of Contents**

**CORPORATE GOVERNANCE**

We have a long-standing commitment to good corporate governance practices. These practices provide an important framework within which our board of directors and management can pursue the strategic objectives of General Mills and ensure the company's long-term vitality for the benefit of stockholders. The cornerstone of our practices is an independent and qualified board of directors. All directors are elected annually by a majority of votes cast by stockholders. All board committees are composed entirely of independent directors.

The board carefully evaluates each incoming director candidate based on selection criteria and overall priorities for board composition that are periodically re-examined by the corporate governance committee with input from the rest of the directors. As our directors' commitments change, the board revisits their situations to ensure that they can continue to serve the best interests of the company and its stockholders. We also demand high standards of ethics from our directors and management as described in the director and employee codes of conduct.

Our governance principles are published on our website at [www.generalmills.com](http://www.generalmills.com) in the Investors section. We have included some highlights from those principles below:

**Board Independence**

The board believes that a substantial majority of its members should be independent, non-employee directors. The board has established guidelines consistent with the current listing standards of the New York Stock Exchange for determining director independence. You can find these guidelines in Appendix A of this proxy statement.

Director affiliations and transactions are regularly reviewed to ensure there are no conflicts or relationships that might impair a director's independence from the company, senior management and our independent registered public accounting firm.

The board has reviewed transactions between the company and each of our non-employee directors, their immediate family members and affiliated entities within the last three fiscal years, including transactions by which the company has obtained electronics and technical support services from Best Buy, where Mr. Anderson served as Chief Executive Officer and Vice Chairman; educational services from universities where Mr. Danos and Mr. Gilmartin serve on the faculties; investment banking and financial services from JPMorgan Chase, where Ms. Miller serves as an executive officer; office supplies from Office Depot, where Mr. Odland serves as Chairman and Chief Executive Officer; and asset management services from a firm in which Ms. Ochoa-Brillembourg has an ownership interest, as described under Certain Relationships and Related Transactions. The board determined that each of these transactions was conducted in the ordinary course of our business and did not create a material relationship between the company and any of the directors involved, according to our independence guidelines.

Based on this review, the board has affirmatively determined that the following non-employee directors are independent under our guidelines and as defined by New York Stock Exchange listing standards: Bradbury H. Anderson, R. Kerry Clark, Paul Danos, William T. Esrey, Raymond V. Gilmartin, Judith Richards Hope, Heidi G. Miller, Hilda Ochoa-Brillembourg, Steve Odland, Lois E. Quam, Michael D. Rose, Robert L. Ryan and Dorothy A. Terrell. The board has also determined that all board committees are composed entirely of independent, non-employee directors.

**Certain Relationships and Related Transactions**

Our board of directors has adopted a written policy for reviewing and approving transactions between the company and its related persons, including directors, director nominees, executive officers, 5% stockholders and their immediate family members or affiliates. The policy applies to:

all financial transactions, arrangements or relationships involving over \$100,000;

8

---

**Table of Contents**

in which the company, or one of its affiliates, is a participant; and

in which a related person could have a direct or indirect interest.

The policy does not apply to certain compensation payments which have been approved by the compensation committee or disclosed in the proxy statement; transactions that are available to all other stockholders or employees on the same terms; or transactions with an entity where the related person's interest is only as a director or a less than 10% owner.

The board has delegated to our corporate governance committee the authority to review potential or existing transactions. The corporate governance committee will only approve or ratify those transactions that are determined to be consistent with the best interests of the company and its stockholders, and that comply with applicable policies, codes of conduct and legal restrictions.

The corporate governance committee reviewed and ratified a number of commercial and charitable transactions in fiscal 2010, including the following: Hilda Ochoa-Brillembourg, a General Mills director, is a director and minority owner of Emerging Markets Investors Corporation ( EMI ), and as a result, has an indirect interest in its affiliate, Emerging Markets Management LLC ( EMM ). Approximately \$88.7 million of General Mills retirement plan assets are invested in an EMM fund named the Emerging Markets Investors Fund (the EMM Fund ), and the EMM Fund received management fees of approximately \$959,583 attributable to these investments during fiscal 2010. Based on her ownership interest in EMI, Ms. Ochoa-Brillembourg had a financial interest of approximately \$100,756 in the management fees. In determining that these relationships are consistent with the best interests of the company and its stockholders, and do not impair her independence, the committee considered the following factors:

Our relationship with EMI pre-dates Ms. Ochoa-Brillembourg's election to our board of directors, and she was not involved in establishing the relationship with EMI.

Ms. Ochoa-Brillembourg is not involved in the day-to-day operation of the EMM Fund.

She has never had any direct involvement in providing services to our benefit plans.

The compensation paid to the EMM Fund was determined through arms-length negotiations and is customary in amount.

The board has determined that her financial interest in the transaction would not impact her willingness or ability to act independently from management.

**Director Nominations**

The corporate governance committee is responsible for recommending candidates for election to our board of directors. For more information on overall board composition guidelines and selection criteria for individual directors, see Proposal Number 1 Election of Directors. The corporate governance committee also reviews whether a potential candidate meets board and/or committee membership requirements imposed by law, regulation or stock exchange rules; recommends whether a potential candidate is independent and evaluates the potential for any conflict of interest between the director and General Mills.

Director nominees recommended by the corporate governance committee are subject to full board approval and election by stockholders at an annual meeting of stockholders. From time to time, the corporate governance committee

retains a search firm to assist in identifying, evaluating and recruiting director candidates, based on specified criteria, and pays the firm a fee for these services. Suggestions also are received from board members and stockholders. Of the fourteen directors recommended for election at the 2010 Annual Meeting, all nominees were elected as directors at our 2009 Annual Meeting.

Stockholders who wish to suggest a candidate for our board of directors may submit a written recommendation to the Corporate Secretary, General Mills, Inc., P.O. Box 1113, Minneapolis, Minnesota 55440, along with the stockholder's name, address and the number of General Mills shares beneficially



## **Table of Contents**

owned; the name of the individual being nominated and number of General Mills shares beneficially owned by the candidate; the candidate's biographical information describing experience and qualifications; a description of all agreements, arrangements or understandings between the stockholder and individual being nominated; and the candidate's consent to serve as a director, if elected. The corporate governance committee may request that the stockholder provide certain additional information. For a candidate to be considered for the slate recommended in our proxy statement for the 2011 Annual Meeting, stockholders should submit the required information to the Corporate Secretary by April 18, 2011.

The corporate governance committee will consider and evaluate stockholder-recommended candidates by applying the same criteria used to evaluate director-recommended candidates. If the corporate governance committee decides the candidate is suitable for board membership, the corporate governance committee will make a recommendation to the board of directors for its approval to include the candidate in the slate of directors nominated for election by stockholders in the proxy statement. During fiscal 2010, we received no director nominations from our stockholders.

Under our By-laws, stockholders may also nominate a candidate for election at an annual meeting of stockholders. Our annual meeting is typically held on the fourth Monday in September. Stockholders who intend to present a nomination at our 2011 Annual Meeting are required to notify the Corporate Secretary in writing and provide the information described in our By-laws no earlier than May 30, 2011 and no later than June 29, 2011. Director nominees submitted through this process will be eligible for election at the annual meeting, but will not be included in proxy materials sent to stockholders prior to the meeting.

## **Board Leadership**

The Chairman of the Board leads the board and oversees board meetings and the delivery of information necessary for the board's informed decision-making. The Chairman also serves as the principal liaison between the board and our management.

The board determines whether the role of the Chairman and the Chief Executive Officer should be separated or combined based on its judgment as to the structure that best serves the interests of the company. Currently, the board believes that the positions of Chairman and Chief Executive Officer should be held by the same person as this combination has served and is serving the company well by providing unified leadership and direction.

When the Chairman and Chief Executive Officer roles are combined, the chair of the corporate governance committee:

- acts as the presiding director and presides at all board meetings at which the Chairman is not present, including executive sessions of the non-employee directors;

- serves as a liaison between the Chairman and the non-employee directors;

- approves board meeting agendas and consults with the Chairman on information provided to the board;

- approves meeting schedules to assure that there is sufficient time for discussions;

- calls meetings of the non-employee directors and sets agendas for executive sessions; and

- serves as board representative for consultation and direct communication with major stockholders on issues that the board determines may not be addressed by the Chairman or other board designees and as

otherwise deemed appropriate by the board.

**Table of Contents**

**The Board's Role in Risk Management**

The board believes that effective enterprise risk management must be an integral part of board and committee deliberations throughout the year.

The audit committee annually reviews the company's enterprise risk management process and the comprehensive assessment of key financial, operational and regulatory risks identified by management, as well as mitigating practices. The audit committee then discusses the process and results with the full board.

In addition, the board discusses risks related to the company's annual financial plan at the beginning of each fiscal year, its business strategy at the Board's annual strategic planning meeting and other topics as appropriate.

Each committee conducts its own risk assessment and management activities throughout the year, some of which are highlighted under Board Committees and Their Functions, and reports its conclusions to the board.

The board also encourages management to promote a corporate culture that integrates risk management into the company's corporate strategy and day-to-day business operations in a way that is consistent with the company's targeted risk profile.

Through these processes, the board oversees a system to identify, assess and address material risks to the company on a timely basis.

*Compensation Risk Assessment*

Management conducted a risk assessment of the company's employee compensation policies and practices, including those that apply to our executive officers, with the assistance of Frederic W. Cook & Co., Inc., the compensation committee's independent consultant.

The risk assessment began with a mapping of the company's incentive programs, by employee type and level as well as across business units. Management then analyzed the likelihood and magnitude of potential risks, focusing on program elements that may create risk, including pay mix, performance metrics, performance goals and payout curves, payment timing and adjustments, terms of equity incentives, change in control and severance arrangements, sufficiency of stock ownership guidelines, governance of compensation decisions and enterprise risks that may be created by compensation policies and practices. Management also considered our practices that mitigate risk.

Management discussed the findings of the risk assessment with the compensation committee and the full board. Based on the assessment, we have concluded that our compensation policies and practices are aligned with the interests of stockholders, appropriately reward pay for performance and do not create risks that are reasonably likely to have a material adverse effect on the company.

**Table of Contents**

**Board Committees and Their Functions**

The board has five standing committees that are each composed entirely of independent directors. The corporate governance committee reviews committee and committee chair assignments annually, and recommends committee rosters to the full board after considering factors such as the directors' business and corporate governance experience, their preferences, criteria for specific committee service, the directors' other responsibilities and scheduling flexibility. Assignments are rotated to ensure that each committee has an appropriate mix of tenure and experience. Committee membership shown below is as of August 1, 2010:

**Audit Committee**

Number of meetings in fiscal 2010: Six

Functions:

- Oversees integrity, adequacy and effectiveness of internal controls, audits, financial reporting processes and the compliance program, including the Employee Code of Conduct;
- Assesses and ensures the independence, qualifications and performance of our independent registered public accounting firm, selects the independent registered public accounting firm for the annual audit and approves the independent registered public accounting firm's services and fees;
- Meets with the independent registered public accounting firm, without management present, to consult with it and review the scope of its audit;
- Reviews our annual risk assessment process and policy compliance;
- Reviews and discusses with management the company's enterprise risk management processes, policies and guidelines for identifying, assessing and managing key financial and operational risks;
- Reviews and approves our annual audited financial statements before issuance, subject to the board of directors' approval; and
- Reviews the performance of the internal audit function.

Financial Experts: The board of directors has unanimously determined that (i) all audit committee members are financially literate under the New York Stock Exchange listing standards and (ii) Mr. Danos, Mr. Esrey and Mr. Ryan qualify as audit committee financial experts within the meaning of Securities and Exchange Commission (SEC) regulations and have accounting or related financial management expertise as required by the New York Stock Exchange listing standards. Each member also meets the independence standards for audit committee membership under the rules of the SEC.

**Table of Contents**

**Compensation Committee**

Number of meetings in fiscal 2010: Four

Functions:       Reviews compensation policies for executive officers and employees to ensure they provide appropriate motivation for corporate performance and increased stockholder value;  
                      Conducts performance reviews of the Chief Executive Officer;  
                      Recommends compensation and equity awards for the Chief Executive Officer and approves them for other senior executives;  
                      Recommends the compensation and equity awards for the non-employee directors;  
                      Reviews compensation policies for executive officers and employees to ensure that they do not create risks that are reasonably likely to have a material adverse effect on the company; and  
                      Reviews and discusses with management the Compensation Discussion and Analysis and recommends its inclusion in the proxy statement.

**Corporate Governance Committee**

Number of meetings in fiscal 2010: Four

Functions:       Monitors and recommends changes in the organization and procedures of the board, including committee appointments and corporate governance policies;  
                      Develops policy on composition, participation and size of the board as well as tenure and retirement of directors;  
                      Recommends candidates for election to the board and evaluates continuing service of incumbent directors;  
                      Oversees the board self-evaluation process; and  
                      Reviews and approves transactions between General Mills and related persons.

**Finance Committee**

Number of meetings in fiscal 2010: Five

Functions:       Reviews financial policies and performance objectives, including dividend policy;  
                      Reviews financial risk management strategies, including the use of derivatives;  
                      Reviews changes in our capital structure, including debt issuances, common stock sales, share repurchases and stock splits; and  
                      Reviews the annual business plan and related financing implications.

**Public Responsibility Committee**

Number of meetings in fiscal 2010: Two

Functions:       Reviews public policy and social trends affecting General Mills;  
                      Monitors our corporate citizenship activities;  
                      Evaluates our policies to ensure they meet ethical obligations to employees, consumers and society; and  
                      Reviews our policies governing political contributions and our record of contributions.

A copy of each committee's charter may be found on our website at [www.generalmills.com](http://www.generalmills.com) in the Investors section under Corporate Governance.

Directors are expected to attend all board and committee meetings, as well as the annual meetings of stockholders, absent exigent circumstances. All of our 14 directors attended the 2009 Annual Meeting of Stockholders. During fiscal 2010, the board of directors met six times and various committees of the board met a

## **Table of Contents**

total of 27 times. All directors attended at least 75% of the aggregate total meetings of the board and board committees on which they served during fiscal 2010.

### **Determining Executive Compensation**

At the beginning of each fiscal year, the compensation committee reviews and approves compensation for our executive officers, with a view to incenting the achievement of superior financial results and appropriately aligning pay and performance. The committee approves changes to each component of executive officer compensation, including merit increases to base salary, annual incentive awards for the prior fiscal year's performance, long-term incentive equity awards and performance objectives for the next fiscal year. For the Chief Executive Officer, the board reviews and approves the committee's recommendations.

The compensation committee, and particularly its chair, actively works with Frederic W. Cook & Co., Inc., the committee's independent compensation consultant, to formulate compensation decisions for our Chief Executive Officer. Management, with the oversight of the independent compensation consultant, makes recommendations to the committee for the rest of the executive officers. In addition to management's and the consultant's recommendations, which are accompanied by competitive market data from the consumer packaged goods industry peer group, the compensation committee bases its decisions on corporate performance as measured by our incentive programs; for the Chief Executive Officer, the committee's evaluation of his performance against the fiscal year's objectives; and for other executive officers, the recommendations of the Chief Executive Officer. The committee also uses tally sheets to evaluate proposed pay actions for each executive officer in the context of their overall compensation, including actual and projected annual compensation and benefits, fiscal year stock gains, five-year cumulative total gross earnings, accumulated stock award values, retirement balances and termination benefits.

The compensation committee conducts a performance assessment for the Chief Executive Officer that includes input from all independent non-employee directors. In an executive session, the chair of the compensation committee leads independent non-employee directors through a review of the Chief Executive Officer's annual accomplishments, review and approval of compensation actions recommended by the compensation committee and review of performance objectives for the next fiscal year. Following the executive session, the chair of the compensation committee communicates the results of the evaluation to the Chief Executive Officer.

The independent compensation consultant periodically conducts a detailed review of the consumer packaged industry peer group and internal equity comparisons to support the compensation committee's review process, including benchmarking on pay philosophies, compensation elements separately and in total, and incentive mix. Frederic W. Cook & Co., Inc., advises the compensation committee on director and executive compensation, but performs no other services for General Mills.

A representative of the independent compensation consultant attends compensation committee meetings from time to time to serve as a resource for the compensation committee. In order to encourage independent review and discussion of executive compensation matters, the compensation committee and the committee chair may request meetings with the independent compensation consultant in executive session without management present.

The compensation committee has sole authority to retain or replace the independent compensation consultant. In order to maintain consultant independence, the compensation committee adopted a formal policy in fiscal 2008 requiring compensation committee pre-approval of work performed by the independent compensation consultant.

### **Codes of Conduct for Directors and Employees**

We have adopted a code of conduct applicable to all employees, including our principal executive officer, principal financial officer and principal accounting officer, and a code of conduct applicable to our directors. The codes of conduct are available on our website at [www.generalmills.com](http://www.generalmills.com).



**Table of Contents**

The audit committee of the board of directors has established procedures for employees, stockholders, vendors and others to communicate concerns about our ethical conduct or business practices, including accounting, internal controls or financial reporting issues, to the audit committee, which has responsibility for these matters.

**Communications with the Board**

Interested parties may directly contact any of our directors, any committee of the board, the board's non-employee directors as a group or the board generally, by writing to them at General Mills, Inc., P.O. Box 1113, Minneapolis, Minnesota 55440 or via e-mail at *boardofdirectors@genmills.com*. The board of directors has instructed the Corporate Secretary to distribute communications to the director or directors, after ascertaining whether the communications are appropriate to duties and responsibilities of the board. The board has requested that the Corporate Secretary not forward the following types of communications: general surveys and mailings to solicit business or advertise products; job applications or resumes; product inquiries or complaints; new product suggestions; or any material that is threatening, illegal or does not relate to the responsibilities of the board.

**Table of Contents**

**DIRECTOR COMPENSATION AND BENEFITS**

We structure director compensation to attract and retain qualified non-employee directors and to further align the interests of directors with the interests of stockholders.

***Determining Director Compensation.*** The compensation committee periodically reviews surveys of non-employee director compensation trends, and a competitive analysis of peer company practices prepared by the independent compensation consultant, and makes recommendations to the board of directors on compensation for our non-employee directors, including their retainers and annual equity awards. Each component of director compensation is described below.

***Annual Retainer.*** Non-employee directors each receive an annual retainer of \$75,000. The chair of the audit committee receives an additional \$15,000, chairs of other committees receive an additional \$10,000, and other audit committee members receive an additional \$5,000. We do not pay any additional fees for attending or chairing a meeting. We pay annual retainers in quarterly installments. Directors can elect to have their retainers paid in cash and/or common stock.

***Stock Ownership Policy.*** A substantial portion of director compensation is linked to our stock performance, and directors can elect to receive their entire board remuneration in stock and stock-related compensation. Our policy requires that directors keep all of the shares that they receive as compensation until they own shares equal in market value to at least five-times their annual retainer. As of July 29, 2010, all non-employee directors had met or exceeded these stock ownership requirements, except for those directors who were elected within the past three years and who are still accumulating shares.

***Restricted Stock Units.*** Upon attending their first board meeting and at each re-election, each non-employee director receives restricted stock units with a value of \$90,000. The number of restricted stock units is determined based on the closing price of our common stock on the New York Stock Exchange on the date of the grant. Restricted stock units are granted under the 2006 Compensation Plan for Non-Employee Directors. The restricted stock units vest at the next annual meeting of stockholders. Directors who leave the board prior to vesting forfeit their restricted stock units. In the event an active director dies, his or her restricted stock units fully vest. Restricted stock units earn amounts equivalent to the regular dividend payments on our common stock. These amounts can be reinvested in additional stock units or paid to the director.

***Stock Options.*** Upon attending their first board meeting and at each re-election, each non-employee director receives stock options to purchase a certain number of shares for every restricted stock unit that they receive. This award may be periodically re-adjusted with the intent that 50% of the value of their equity award is delivered in stock options, and 50% of the value is delivered in restricted stock units. Options are granted under the 2006 Compensation Plan for Non-Employee Directors. The exercise price is equal to the closing price of our common stock on the New York Stock Exchange on the date of grant. The options become exercisable at the next annual meeting of stockholders and expire 10 years after grant. Directors who leave the board prior to vesting forfeit their unvested options. In the event an active director dies, the options fully vest and remain exercisable by the directors' estate for the remainder of the options full term.

***Deferred Compensation.*** Non-employee directors may defer their retainers and restricted stock units. We credit any deferred cash retainers with earnings based on a director's selection from a group of funds offered to employees participating in our Deferred Compensation Plan. One of these funds tracks the return on our common stock. Earnings credited are not above-market or preferential. The value of deferred retainers paid in shares of our common stock and

deferred restricted stock units tracks our common stock performance.

**Other Benefits.** We have a Planned Gift Program for Directors (the Planned Gift Program ) that has been discontinued for all directors elected during or after fiscal 2007. The Planned Gift Program is funded by General Mills-paid life insurance policies on each participating director. Upon the death of a participating director, we donate \$1 million to a qualifying charity recommended by the director, and we receive the entire charitable deduction. We are then reimbursed by life insurance proceeds. We have calculated the change in the accrued liability for the benefit in fiscal 2010 and included it under footnote 5, All Other Compensation.

**Table of Contents**

The General Mills Foundation matches charitable contributions made by directors of up to \$15,000 in each calendar year to eligible colleges, secondary and elementary schools, and up to \$15,000 to eligible art and cultural organizations.

The fiscal 2010 compensation of our non-employee directors is shown in the following table. Stock and option awards reflect the company's two-for-one stock split with a record date of May 28, 2010.

**DIRECTOR COMPENSATION FOR FISCAL 2010**

<b>Name</b>	<b>Fees Earned or Paid in Cash<sup>(1)</sup> (\$)</b>	<b>Stock Awards<sup>(2)</sup> (\$)</b>	<b>Option Awards<sup>(3)</sup> (\$)</b>	<b>All Other Compensation<sup>(4)</sup> (\$)</b>	<b>Total (\$)</b>
Bradbury H. Anderson	75,000	90,019	55,116		220,135
R. Kerry Clark	78,750	90,019	55,116		223,885
Paul Danos	80,000	90,019	55,116	64,665	289,800
William T. Esrey	90,000	90,019	55,116	50,563	285,698
Raymond V. Gilmartin	85,000	90,019	55,116	36,848	266,983
Judith Richards Hope	90,000	90,019	55,116	31,881	267,016
Heidi G. Miller	75,000	90,019	55,116	12,816	232,951
Hilda Ochoa-Brillembourg	75,000	90,019	55,116	35,779	255,914
Steve Odland	75,000	90,019	55,116	29,113	249,248
Lois E. Quam	75,000	90,019	55,116	14,750	234,885
Michael D. Rose	85,000	90,019	55,116	48,164	278,299
Robert L. Ryan	80,000	90,019	55,116	108,092	333,227
Dorothy A. Terrell	86,250	90,019	55,116	34,785	266,170

- (1) Includes the annual retainer and additional fees for directors who chair a board committee or who serve on the audit committee. Mr. Anderson received \$75,000 of his fees in common stock (2,222 shares valued at the closing price of our common stock on the New York Stock Exchange on the retainer payment dates).
- (2) Includes the grant date fair value for 2,968 restricted stock units granted to each director upon re-election in fiscal 2010, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( FASB ASC Topic 718 ). For fiscal 2010, assumptions used to calculate these amounts are factored into Note 11 Stock Plans to the audited financial statements included in our annual report on Form 10-K for the fiscal year ended May 30, 2010.

The grant date fair value is based on \$30.33 per share, the closing price of our common stock on the New York Stock Exchange on the grant date, September 21, 2009.

At fiscal year end, each non-employee director held 2,968 restricted stock units, except for Mr. Anderson, Mr. Clark, Mr. Danos, Ms. Miller, Ms. Ochoa-Brillembourg, Mr. Odland and Mr. Rose, who each reinvested their dividends and held 3,030 restricted stock units.

- (3) Includes the grant date fair value for 14,836 stock options granted to each director upon re-election in fiscal 2010, calculated in accordance with FASB ASC Topic 718. For fiscal 2010, assumptions used to calculate these amounts are factored into Note 11 Stock Plans to the audited financial statements included in our annual report

on Form 10-K for the fiscal year ended May 30, 2010.

The grant date fair value is based on the Black-Scholes model valuation of \$3.72 per share. The following assumptions were used in the calculation: expected term of 9.5 years; dividend yield of 3.2% annually; a risk-free interest rate of 3.9%; and expected price volatility of 18.8%.

At fiscal year end, the total number of stock options held by each non-employee director was as follows: Mr. Anderson 48,040; Mr. Clark 31,996; Mr. Danos 108,040; Mr. Esrey 188,040; Mr. Gilmartin 188,040;

**Table of Contents**

Ms. Hope 168,040; Ms. Miller 168,040; Ms. Ochoa-Brillembourg 148,040; Mr. Odland 108,040; Ms. Quam 48,040; Mr. Rose 128,040; Mr. Ryan 48,040; and Ms. Terrell 128,040.

(4) All Other Compensation includes:

**All Other Compensation**

Name	Planned Gift Program <sup>(5)</sup> (\$)	Charitable Matching Gifts (\$)	Total (\$)
B. H. Anderson			
R. K. Clark			
P. Danos	61,165	3,500	64,665
W. T. Esrey	28,063	22,500	50,563
R. V. Gilmartin	26,848	10,000	36,848
J. R. Hope	25,011	6,870	31,881
H. G. Miller	12,816		12,816
H. Ochoa-Brillembourg	20,779	15,000	35,779
S. Odland	10,779	18,334	29,113
L. E. Quam		14,750	14,750
M. D. Rose	25,664	22,500	48,164
R. L. Ryan	93,092	15,000	108,092
D. A. Terrell	19,785	15,000	34,785

(5) Includes interest cost, and with respect to directors with less than five years of service, service cost, recognized in fiscal 2010 in connection with the Planned Gift Program. Calculations assume 7.45% discount rate at the end of fiscal 2010; benefit payment immediately upon death; and mortality rates based on RP2000 Combined Healthy Mortality Table, projected to 2010.

**Table of Contents****OWNERSHIP OF GENERAL MILLS COMMON STOCK BY  
DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS**

The following table shows the amount of General Mills common stock beneficially owned by (a) each director and director nominee, (b) each named executive officer listed in the Summary Compensation Table, (c) all directors, director nominees and executive officers as a group and (d) each person or group owning more than 5% of our outstanding shares on the dates indicated. Unless otherwise noted, all amounts are as of July 29, 2010, and the stockholders listed in the table have sole voting and investment power with respect to the shares owned by them. Shares and exercisable options reflect the company's two-for-one stock split with a record date of May 28, 2010.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
	Shares <sup>(1)</sup>	Exercisable Options <sup>(2)</sup>	
B. H. Anderson	16,554 <sup>(3)</sup>	48,040	*
R. K. Clark	6,487	31,996	*
P. Danos	14,779	108,040	*
W. T. Esrey	68,388	188,040	*
I. R. Friendly	151,035 <sup>(4)</sup>	711,000	*
R. V. Gilmartin	69,543	188,040	*
J. R. Hope	60,726	168,040	*
H. G. Miller	26,521	168,040	*
D. L. Mulligan	38,095 <sup>(5)</sup>	215,426	*
H. Ochoa-Brillembourg	19,633	148,040	*
S. Odland	14,792	108,040	*
C. D. O'Leary	74,151	847,900	*
K. J. Powell	206,945	1,015,210	*
L. E. Quam	7,610	48,040	*
M. D. Rose	49,065 <sup>(6)</sup>	128,040	*
J. J. Rotsch	322,233 <sup>(7)</sup>	805,776	*
R. L. Ryan	12,160	48,040	*
D. A. Terrell	39,437	128,040	*
All directors, nominees and executive officers as a group (26 persons)	1,723,324 <sup>(8)</sup>	8,046,782	1.5
BlackRock, Inc.	58,663,580 <sup>(9)</sup>		9.1
State Street Bank Corporation	39,131,738 <sup>(10)</sup>		6.1

\* Indicates ownership of less than 1% of the total outstanding shares.

(1) Includes:

Shares of our common stock directly owned;

Shares of our common stock allocated to participant accounts under our 401(k) Plan;

Restricted stock units that vest within 60 days of July 29, 2010, as to which the beneficial owner currently has no voting or investment power: 2,968 restricted stock units for each non-employee director, except for Mr. Anderson, Mr. Clark, Mr. Danos, Ms. Miller, Ms. Ochoa-Brillembourg, Mr. Odland and Mr. Rose, who each reinvested their dividends and held 3,030 restricted stock units; and 39,018 restricted stock units for all directors, nominees and executive officers as a group; and



**Table of Contents**

Stock units that have vested and been deferred, as to which the beneficial owner currently has no voting or investment power: 883 units for Mr. Clark; 11,749 units for Mr. Danos; 25,788 units for Mr. Esrey; 96,778 units for Mr. Friendly; 19,461 units for Mr. Gilmartin; 49,198 units for Ms. Hope; 9,261 units for Ms. Miller; 16,603 units for Ms. Ochoa-Brillembourg; 11,762 units for Mr. Odland; 4,466 units for Mr. Powell; 14,147 units for Mr. Rose; 148,209 units for Mr. Rotsch; 8,142 units for Mr. Ryan; 29,989 units for Ms. Terrell; and 625,325 units for all directors, nominees and executive officers as a group.

- (2) Includes options that were exercisable on July 29, 2010 and options that become exercisable within 60 days of July 29, 2010.
- (3) Includes 2,800 shares held in individual trusts by either Mr. Anderson or his spouse, for which they serve as trustees.
- (4) Includes 2,256 shares held in custodial accounts for Mr. Friendly's minor children and 16,238 shares held in a trust for the benefit of Mr. Friendly's spouse and minor children. Mr. Friendly's spouse serves as trustee of the trust.
- (5) Includes 34,614 shares owned jointly by Mr. Mulligan and his spouse.
- (6) Includes 11,888 shares held in a margin account and deemed to be pledged and 20,000 shares held by Midaro 2000, an investment fund controlled by Mr. Rose.
- (7) Includes 13,047 shares held in a trust for the benefit of Mr. Rotsch's spouse and 123,972 shares pledged to Wells Fargo as collateral on personal loans.
- (8) Includes 356,643 shares held solely by, jointly by, or in trust for the benefit of family members. Also includes 20,000 shares held by Midaro 2000, an investment fund controlled by Mr. Rose.
- (9) Based on information contained in a Schedule 13G that BlackRock, Inc. and its affiliates, at 55 East 52nd Street, New York, New York 10055, filed with the SEC on January 29, 2010. Effective December 1, 2009, BlackRock, Inc. completed its acquisition of Barclays Global Investors, NA and certain of its affiliates (the BGI Entities). As a result, BlackRock, Inc. filed an amendment to the Schedule 13G previously filed by the BGI Entities informing us that BlackRock, Inc. is a parent holding company or control person and has sole investment discretion and voting power over the shares reported. The filing indicated that as of December 31, 2009, BlackRock, Inc. and its affiliates had sole investment power and sole voting power for all of these shares. These shares have been adjusted for the company's two-for-one stock split with a record date of May 28, 2010.
- (10) Based on information contained in a Schedule 13G jointly filed by State Street Corporation and State Street Bank and Trust Company (State Street Bank), at State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111, with the SEC on February 12, 2010. The filing indicated that as of December 31, 2009, State Street Corporation had shared investment power and shared voting power over 39,131,738 shares and State Street Bank, acting in various fiduciary capacities including as fiduciary for our 401(k) Plan, had shared investment power and shared voting power over 33,488,768 shares. State Street Corporation and State Street Bank expressly disclaim beneficial ownership of all shares reported. These shares have been adjusted for the company's two-for-one stock split with a record date of May 28, 2010.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Edgar Filing: GENERAL MILLS INC - Form DEF 14A

Based on a review of reports filed with the SEC by our directors and executive officers regarding their ownership and transactions in our common stock and written representations from those directors and officers, we believe that each director and executive officer has filed timely reports under Section 16(a) of the Securities Exchange Act of 1934 during fiscal 2010.

20

---

**Table of Contents**

**PROPOSAL NUMBER 2**

**ADOPTION OF THE EXECUTIVE INCENTIVE PLAN**

**Introduction**

Stockholders are asked to adopt a proposed Executive Incentive Plan (the **New EIP** or the **Plan** ). The New EIP would replace the existing Executive Incentive Plan (the **Current EIP** ), which was approved by stockholders in 2000 and which terminates according to its terms on September 25, 2010.

The purpose of the New EIP is to provide cash incentive awards to key executives in recognition of their contributions to the success of the company, and to align the interests of such executives with the interests of the stockholders of the company.

The terms of the New EIP are substantially similar to those of the Current EIP, except that:

The New EIP only provides for cash incentive awards whereas the Current EIP also provided for awards of restricted stock units.

Awards are subject to enhanced governance and compliance provisions, including the company's clawback policy, which is described under the **Compensation Policies** section of the Compensation Discussion and Analysis.

Awards are subject to additional limits. There is an annual \$10 million fixed cap on awards to any individual, in addition to existing aggregate and individual limits on awards.

Awards may be made until the compensation committee terminates the Plan.

There is no change in the employees who are eligible to receive awards. The compensation committee currently expects that plan administration and cash awards under the New EIP will be substantially similar to those under the Current EIP. Stockholder approval of the New EIP is being sought to ensure that awards granted under the plan will be fully tax-deductible pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the **Code** ).

No cash incentive awards have been granted under the New EIP. The compensation committee will establish the terms of future awards, and it is not currently possible to determine what eligible participants will receive if the New EIP is approved by our stockholders. Awards to our named executive officers under the Current EIP during fiscal 2010 are described under **Grants of Plan-Based Awards for Fiscal 2010**.

**Summary of Material Features of the New EIP**

The following summary of the material features of the New EIP is subject to the full text of the Plan contained in Appendix B to this proxy statement.

**Plan Term:** The New EIP will become effective September 27, 2010, subject to stockholder approval, and cash incentive awards may be made until the compensation committee terminates the Plan.

Eligible Participants:

All officers of General Mills and its subsidiaries and affiliates, a group of approximately 140 persons, are eligible to receive awards under the New EIP. The compensation committee will determine which employees will receive awards, but it is anticipated that award recipients will be employees holding positions that most significantly affect operating results and provide the greatest opportunity to contribute to current earnings and the future success of General Mills.

Award Types:

Cash incentive awards

**Table of Contents**

Award Limits:	A participant in the New EIP may receive an annual award only if General Mills has positive net earnings during the applicable performance period, and the value of any participant's award may not exceed 0.5% of General Mills' net earnings for that performance period, or \$10 million annually. The compensation committee has consistently exercised its negative discretion to award amounts well below these limits. Pursuant to a 1933 stockholder resolution on profit sharing, as modified, the maximum aggregate payout under the 2010 Plan for any fiscal year is the lesser of 5% of adjusted net earnings before income tax, or 10% of the amount by which such earnings as adjusted exceed 10% of total stockholders equity as of the beginning of such fiscal year.
Change in Control:	The compensation committee may make such adjustments and/or settlements of awards for the performance period within which a change of control occurs as it deems appropriate and consistent with the Plan's purposes.
Retirement, Death and Termination:	Participants who retire on or after age 55 with five or more years of service, or who are involuntarily terminated without cause, and the estates of participants who pass away during a fiscal year, will receive a pro rata portion of the award that would have been earned, based on actual performance, had the participants remained employed through the conclusion of the year. Participants who resign or who are terminated for any other reason forfeit awards in the fiscal year of their departure.
Administration:	The New EIP will be administered by the compensation committee, or in certain cases, its delegate, which shall determine, subject to the Plan terms, the amount of the annual cash awards and any other provisions. The committee may interpret the New EIP and establish, amend and rescind any rules relating to it.
Not Permitted Without Stockholder Approval:	Any action to amend the limit on the size of an award to a participant described under the heading Award Limits must be approved by General Mills stockholders. No action to amend, suspend or terminate the New EIP may adversely affect the rights of a participant with an already outstanding award without the consent of the participant. However, awards are subject to the company's clawback policy.
Amendment and Termination:	Subject to board approval, where required, the compensation committee may terminate, amend or suspend the New EIP at any time.
U.S. Tax Consequences	Under present federal income tax law, participants will recognize ordinary income equal to the amount of the award received in the year of receipt. That income will be subject to applicable income and employment tax withholding by the company. If and to the extent that the New EIP payments satisfy the requirements of Section 162(m) of the Internal Revenue Code and otherwise satisfy the requirements for deductibility under federal income tax law, the company will receive a deduction for the amount constituting ordinary income to the participant. The New EIP is intended to comply with Section 409A of the Internal Revenue Code.

**The board of directors unanimously recommends a vote FOR the adoption of the General Mills, Inc. Executive Incentive Plan.**



Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides certain information as of May 30, 2010 with respect to our equity compensation plans. The number of securities and the weighted-average exercise price of outstanding options reflect the company's two-for-one stock split with a record date of May 28, 2010.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)<sup>(1)</sup></b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (c)</b>
Equity compensation plans approved by security holders	78,646,443 <sup>(2)</sup>	\$ 25.65	24,337,402 <sup>(3)</sup>
Equity compensation plans not approved by security holders	14,790,557 <sup>(4)</sup>	\$ 22.94	
<b>Total</b>	<b>93,437,000</b>	<b>\$ 25.17</b>	<b>24,337,402</b>

(1) Weighted-average term of outstanding options is 4.59 years.

(2) Includes 66,661,406 stock options, 10,634,132 restricted stock units, and 1,350,905 restricted stock units that have vested and been deferred. We granted these awards under the following active stockholder-approved plans: 2009 Stock Compensation Plan, 2006 Compensation Plan for Non-Employee Directors, and the current Executive Incentive Plan; and the following stockholder-approved plans which have been discontinued: 1990 Stock Plan for Non-Employee Directors, Stock Option and Long-Term Incentive Plan of 1993, 1995 Salary Replacement Stock Option Plan, 1996 Compensation Plan for Non-Employee Directors, 1998 Senior Management Stock Plan, 2001 Compensation Plan for Non-Employee Directors, 2003 Stock Compensation Plan, 2005 Stock Compensation Plan, and 2007 Stock Compensation Plan. No future awards may be granted under any of the discontinued plans.

(3) Includes stock options, restricted stock, restricted stock units, stock appreciation rights and performance awards that we may award under our 2009 Stock Compensation Plan, which had 23,843,604 shares available for grant at fiscal year end. Also includes stock options and restricted stock units that we may award under our 2006 Compensation Plan for Non-Employee Directors, which had 493,798 shares available for grant at fiscal year end. Excludes shares that would be available under the current Executive Incentive Plan, based on company and individual performance subject to certain limits.

- (4) Includes 14,443,242 stock options and 347,315 restricted stock units that have vested and been deferred. These awards include stock options granted to a broad group of employees in fiscal 2000 and 2002, and grants in lieu of salary increases and certain other compensation and benefits. We granted these awards under our 1998 Employee Stock Plan, which provided for the issuance of stock options, restricted stock and restricted stock units to attract and retain employees, and to align their interests with those of stockholders. We discontinued the 1998 Employee Stock Plan in September 2003, and no future awards may be granted under that plan.



**Table of Contents**

**EXECUTIVE COMPENSATION  
COMPENSATION COMMITTEE REPORT**

The compensation committee of the company has reviewed and discussed the following Compensation Discussion and Analysis with management and, based on such review and discussions, the compensation committee recommended to the board that the Compensation Discussion and Analysis be included in this proxy statement and in our annual report on Form 10-K for the fiscal year ended May 30, 2010.

SUBMITTED BY THE COMPENSATION COMMITTEE

Michael D. Rose, Chair  
Bradbury H. Anderson  
R. Kerry Clark  
Raymond V. Gilmartin  
Lois E. Quam

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary of 2010 Company Performance and Compensation Actions**

General Mills strives to achieve financial performance that consistently ranks in the top quartile of results from our consumer packaged goods industry peer group, and to deliver superior returns to our stockholders in terms of stock price appreciation and dividends. Our research indicates that food companies in our industry peer group with the highest five-year total shareholder return are those with the most consistent performance in terms of sales growth, profit growth, and return on average total capital improvement. As a result, since fiscal 2006, we have measured our financial performance, and calculated our pay for performance incentive compensation, using these measures. Our consumer packaged goods industry peer group is described below under Performance and Compensation Peer Groups.

Fiscal 2010 was a very strong year for General Mills. Our performance was generally superior to that of the consumer packaged goods industry peer group, and especially strong against food companies in that industry peer group. In fact, performance on each of our four equally-weighted corporate performance measures (net sales growth, segment operating profit growth, earnings per share growth, and improvement in return on average total capital) exceeded the median one-, two- and five-year compound growth rates for the consumer packaged goods industry peer group over comparable timeframes. Performance also met or exceeded General Mills' publicly stated long-term performance goals of low single-digit net sales growth, mid-single-digit segment operating profit growth, high single-digit earnings per share growth and improvement in return on average total capital.

Our financial performance in fiscal 2010 resulted in superior returns to General Mills stockholders. For the year, stock price appreciation plus reinvested dividends represented a 43% return. This was well above our consumer packaged goods industry peer group's return of 29%, and it was double the 21% return generated by the Standard & Poor's 500 Index over this same time period.

The compensation committee believes that the company's long-standing executive compensation programs have been effective at incenting the achievement of superior results, appropriately aligning pay and performance, creating an ownership culture in which company managers think and act like stockholders, and enabling General Mills to attract and retain some of the most talented executives in the global consumer products industry.

The compensation actions taken in fiscal 2010, as approved by the compensation committee in conjunction with counsel from their independent compensation consultant Frederic W. Cook & Co., Inc., included the following:

***Strong performance-based compensation awards and payouts.*** Given the combination of superior company and individual performance for the fiscal year, annual and long-term incentive awards for named executive officers were appropriately near the maximum level of our compensation program

## **Table of Contents**

design. These compensation awards remain competitive against U.S. companies in the consumer packaged goods industry peer group.

***Prudent leadership during economic uncertainty.*** In the spring of 2009, given the high level of uncertainty related to the economy and how it would impact our industry and our business, the company took a conservative approach to compensation planning for fiscal 2010:

Merit increases for all company officers, including the named executive officers, were delayed until it was clear the overall company results for the year would warrant any increases. As a result, officers received 2% increases to base salary on January 1, 2010, rather than on the original effective date of July 1, 2009.

Using our long-standing process and methodology as described under Performance Measurement on page 30, the compensation committee approved fiscal 2010 corporate financial performance goals at the beginning of the fiscal year based on the range of expected fiscal 2010 performance at that time for the consumer packaged goods industry peer group. After completing the first half of the fiscal year, with stronger performance projected for our industry peer group, the committee used its discretion to increase the thresholds for what would be considered good to superior performance for segment operating profit growth, earnings per share growth and return on average total capital improvement.

***Compensation decisions made within context of current and accumulated compensation.*** Management prepared a detailed analysis of all compensation and benefits paid and accumulated by the named executive officers, referred to as tally sheets. These tally sheets were provided for the compensation committee's review at every meeting during the fiscal year, so all compensation decisions were made with an overall understanding of the entire rewards package.

***Compensation programs evaluated for potential risks.*** As described under The Board's Role in Risk Management, during fiscal 2010, the compensation committee reviewed management's assessment of compensation risk, which was conducted with guidance from the committee's independent compensation consultant. The committee concluded that General Mills' compensation policies and practices are aligned with the interests of stockholders, appropriately reward pay for performance, and do not create risks that are reasonably likely to have a material adverse effect on the company.

***Increased opportunities for stockholder engagement.*** General Mills has a long-standing practice of engagement and open communication with investors. Information on communicating directly with the board of directors can be found under Communications with the Board. During fiscal 2010, the board of directors supplemented this practice by providing stockholders with an advisory vote on executive compensation, beginning at this Annual Meeting. Please see Proposal Number 4.

## **Compensation Philosophy and Principles**

General Mills' guiding philosophy is to maintain a compensation system that will attract, motivate, reward and retain competitively superior leaders who are able consistently to achieve corporate performance and total stockholder return that is in the top tier of the consumer packaged goods industry peer group. The compensation committee bases its compensation decisions on the following core principles:

***Pay is Performance Based:*** Executive compensation at General Mills is tightly linked to company performance. As executives assume greater responsibility, a larger portion of their total compensation becomes dependent on company, business unit, and individual performance. Base salaries are targeted at or

below the median of salaries paid by U.S. companies in the consumer packaged goods industry peer group. Annual and long-term incentive programs are designed to build to a total compensation package that will vary from lower quartile positioning for lower quartile performance to upper quartile positioning for upper quartile performance relative to the industry peer group.

**Table of Contents**

***Stock Ownership is Emphasized:*** Broad and deep employee stock ownership aligns the interests of employees with those of stockholders. Programs have been created to encourage employees to build and maintain an ownership interest in the company. We have established specific stock ownership guidelines for employees in key management positions throughout the company.

***Compensation Opportunities must be Competitive:*** Competition for management talent in the food and consumer products industry is consistently intense. To ensure that executive compensation at General Mills remains competitive, the compensation committee, with the assistance of management and the independent compensation consultant, monitors the compensation practices of peer food and consumer products companies, as well as those of a broader group of leading industrial companies. In performing this analysis, peer group proxy data and two major survey sources are utilized:

***Consumer Packaged Goods Peer Group Proxy Analysis:*** The independent compensation consultant compares our pay practices and levels for named executive officers with those disclosed in the annual proxy statements of the 13 major U.S. consumer packaged goods companies that are part of the consumer packaged goods industry peer group.

***Consumer Packaged Goods Peer Group Survey:*** Management participates in an annual survey conducted by Hewitt Associates which provides specifics on the pay practices of companies in the consumer packaged goods industry peer group, with which we compare our financial performance and often compete for executive talent.

***Major Industry Group Survey:*** For those positions in which the competition for talent is not limited to the consumer packaged goods industry (e.g., many corporate staff positions), the compensation committee compares our pay practices against a comprehensive management compensation survey provided by Towers Watson. For greater precision, a subset of this survey is utilized that provides compensation information for companies from diverse industries with annual revenues between \$10 billion and \$20 billion. Data from this survey provides a secondary view of executive compensation and general industry context to the peer group data described above. In 2009, the Towers Watson survey contained 761 companies in total and 93 companies in the subset of \$10 billion to \$20 billion in revenue.

**Consumer Packaged Goods Industry Peer Group**

The compensation committee, with the assistance of management and the independent compensation consultant, benchmarks our performance and compensation against the consumer packaged goods industry peer group, a group of 13-16 major consumer packaged goods companies, which we sometimes refer to as the industry peer group. The industry peer group was established using the following five selection criteria:

Branded consumer products companies;

Food industry competitors;

Large-cap companies, typically with annual revenues in excess of \$5 billion;

Companies with similar business dynamics and challenges; and

Direct competitors for industry talent.

As shown below, the median annual revenues and total assets for the 16 companies in this industry peer group are comparable to those of General Mills. The compensation committee annually reviews the composition of this industry peer group to assure it is the most relevant set of companies to use for comparison purposes. The peer groups utilized for comparisons of performance and compensation are identical with the exception of three European companies (Nestlé, Unilever and Danone) that are in the consumer packaged goods industry peer group but excluded from compensation comparisons, due to the lack of publicly available pay information. The U.S. companies in the consumer packaged goods industry peer group that we use for compensation comparisons are sometimes referred to as the compensation peer group.

**Table of Contents**

The following companies comprise the consumer packaged goods industry peer group:

**Companies in the Consumer Packaged Goods Industry Peer Group**

Campbell Soup Co.	H. J. Heinz Co.	PepsiCo, Inc.
Clorox Co.	The Hershey Co.	The Procter & Gamble Co.
The Coca-Cola Co.	Kellogg Co.	Sara Lee Corp.
Colgate-Palmolive Co.	Kimberly-Clark Corp.	Unilever NV*
ConAgra Foods, Inc.	Kraft Foods Inc.	
Danone Inc.*	Nestlé SA*	

\*Excluded from compensation comparisons due to lack of publicly available pay information.

**Companies in the Consumer Packaged Goods Industry Peer Group  
Sales, Market Capitalization and Total Assets**

<i>In Millions</i>	<b>Sales*</b>	<b>Market Capitalization**</b>	<b>Total Assets*</b>
<i>75th Percentile</i>	\$41,098	\$83,126	\$49,765
<i>Median</i>	17,221	28,389	15,205
<i>25th Percentile</i>	11,968	11,832	9,602
General Mills	\$14,796	\$23,381	\$17,679

Source: Standard & Poor's Capital IQ

\* As of and for the most recent fiscal year

\*\* As of May 28, 2010

The compensation committee annually reviews comparisons of General Mills' compensation under various performance scenarios versus compensation peer group practices to ensure our programs function consistently with our compensation philosophy and principles. Based upon these reviews, the compensation committee believes that the compensation paid to General Mills' named executive officers is reasonable and appropriate.

**Elements of the General Mills Total Rewards Program**

During fiscal 2010, the General Mills executive pay program consisted of base salary, annual incentive, long-term incentive, broad-based benefits and other perquisites. The Chief Executive Officer and other named executive officers participate in most of the same benefit programs and are subject to the same policies in all material respects as all company officers.

In the following table we have outlined our main objectives regarding:

Why General Mills chooses to pay each element;

What each element is designed to reward; and

How we determine the amount for each element.



**Table of Contents**

<b>Element</b>	<b>Objective &amp; Basis</b>	<b>Market Positioning</b>
<b>Base Salary</b>	<p><b>To provide fixed income based on:</b></p> <ul style="list-style-type: none"> <li>Size, scope and complexity of the individual's role</li> <li>Individual's current and historical performance</li> <li>Relative position compared to market pay information</li> </ul>	<b>Compensation Peer Group Median or Below</b>
<b>Annual Incentive</b>	<p><b>To provide focus and rewards for achievement of annual corporate and individual performance:</b></p> <ul style="list-style-type: none"> <li>Corporate Performance Measures (25% each) <ul style="list-style-type: none"> <li>Net sales growth</li> <li>Segment operating profit growth</li> <li>Earnings per share growth</li> <li>Return on average total capital improvement</li> </ul> </li> <li>Individual Performance Measures <ul style="list-style-type: none"> <li>Specific business goals</li> <li>Strategic projects or initiatives</li> <li>Organizational/diversity goals</li> <li>Leadership behaviors and impact</li> </ul> </li> </ul> <p>Officers below the named executive officer level who are in key divisional roles also have unit performance measures incorporated into their annual incentive.</p> <p>Awards are made in cash and restricted stock unit matches that require an equivalent deposit of personally-owned shares.</p> <p>The restricted stock unit match can increase or decrease by up to 30% based on corporate performance.</p>	<p><b>Performance Based:</b></p> <ul style="list-style-type: none"> <li>Awards range from below to above median for the compensation peer group based on individual and corporate performance</li> <li>Awards are well above median of the compensation peer group when corporate performance ranks in the top quartile of our industry peer group</li> </ul>
<b>Long-term Incentive</b>	<p><b>To provide incentive for delivering long-term stockholder value and to retain executives.</b></p>	<b>Performance Based:</b>

Edgar Filing: GENERAL MILLS INC - Form DEF 14A

Awards are made in restricted stock unit grants and stock option grants.

Awards can increase or decrease by up to 30% based on corporate performance.

Awards range from below to above median for the compensation peer group based on corporate performance

Grants are well above median of the compensation peer group when corporate performance ranks in the top quartile of the industry peer group

**Table of Contents**

<b>Element</b>	<b>Objective &amp; Basis</b>	<b>Market Positioning</b>
<b>Retirement and Health Benefits</b>	<b>To provide competitive retirement security and health benefits.</b>	<b>Compensation Peer Group Median</b>
	<p>General Mills named executive officers participate in most of the same benefit plans made available to the company's U.S.-based employees. They include:</p> <p>Disability and life insurance</p> <p>Pension Plan and Supplemental Retirement Plan (a restoration plan)</p> <p>401(k) Plan and Supplemental Savings Plan with a company match that varies based on corporate performance</p> <p>The Supplemental Retirement Plan and Supplemental Savings Plan are restoration plans providing non-qualified benefits that are identical to the broad-based plans but on income above the allowable level of the qualified plans. For more information on our retirement benefits, see Pension Benefits and Other Retirement Savings Plans.</p> <p>Named executive officers also participate in an executive insurance plan that provides health and dental benefits. As of December 2009, executive medical coverage was closed to new participants.</p>	
<b>Perquisites</b>	<b>To provide competitive executive perquisites.</b>	<b>Compensation Peer Group Median or Below</b>
	<p>All of our named executive officers receive the following perquisites:</p> <p>Company provided automobile</p> <p>Reimbursement for a limited amount of financial counseling</p> <p>For reasons of security and efficient time management, the compensation committee encourages the Chief Executive Officer to utilize</p>	

corporate aircraft for personal use. Mr. Powell is required to reimburse the company for the annual cost of any personal use of corporate aircraft in excess of \$100,000. He did not exceed this limit in fiscal 2010.

**Table of Contents****Pay and Performance Relationship**

When determining executive compensation, General Mills achieves its strong performance orientation through aligning total direct compensation (base salary; annual incentive, including cash and restricted stock unit (RSU) match portions; and long-term incentive) with the company's performance. We evaluate our performance against specific financial goals that are calibrated against performance by the consumer packaged goods industry peer group. Base salary, broad-based benefits and perquisites are the only elements that do not vary annually based upon company performance versus performance goals. Between 80% and 88% of total direct compensation for our named executive officers is performance-based, assuming a median-level of performance, as shown in the charts below.

**Performance-Based (At Risk) Compensation: 88%**

**Performance-Based (At Risk) Compensation: 80%**

*Performance Measurement*

The annual Corporate Performance Rating, as reviewed and approved by the compensation committee, is used in calculations to determine both the annual incentive and long-term incentive awards for the named executive officers. At the beginning of each new fiscal year, a performance grid is established using our four corporate performance measures: net sales growth, segment operating profit growth, earnings per share growth, and return on average total capital improvement. These four metrics are equally weighted (25% for each factor) and have been chosen due to their correlation with total stockholder return.

General Mills' performance-based compensation plans are designed so that there is not a specific target level of performance. Instead, there is a range of performance goals that correspond to a range of compensation payouts. In determining the specific performance range for each year, the compensation committee generally reviews two-year and five-year historical compound growth rates achieved by companies in the consumer packaged goods industry peer group in order to predict peer group performance levels for the next fiscal year. Some judgment is applied for items significantly affecting comparability of reported rates of growth (for example, significant acquisitions or divestitures).

Our performance rating on each metric can vary from 0 to 1.80. The ranges for each metric are set with the following goals in mind:

General Mills performance at the median of peer company results:	1.30 to 1.50 rating
General Mills performance above peer group median:	1.51 to 1.80 rating
General Mills performance below peer group median:	0.00 to 1.29 rating

*Performance Results*

The company's annual Corporate Performance Ratings can vary significantly based on the company's performance in the fiscal year. One way to assess how difficult or likely it would be for the company to achieve incentive goals is to look at historical results. In the past 10 years (fiscal years 2001 through 2010), Corporate

**Table of Contents**

Performance Ratings have ranged from a low of 1.16 to a high of 1.80. In the past 20 years (fiscal years 1991 through 2010), Corporate Performance Ratings have ranged from 0 to 1.80. Over this 20-year period, annual Corporate Performance Ratings have averaged 1.49.

Fiscal 2010 results on the four corporate performance measures are set forth below and resulted in a 1.76 Corporate Performance Rating.

<b>Corporate Performance Measures</b>	<b>Fiscal 2010 Performance Results*</b>
Net Sales Growth	4%
Segment Operating Profit Growth	8%
Earnings Per Share Growth	16%
Return on Average Total Capital Improvement	150 bps

\* In order to ensure that our ongoing performance is evaluated in a manner that accurately reflects the year-over-year growth in underlying results, the fiscal 2010 performance results reflect adjustments for certain items affecting comparability.

Net sales growth is adjusted to exclude foreign currency translation, divested products and the impact of a 53<sup>rd</sup> week in fiscal 2009. These adjustments increased net sales growth from 1% as reported in our annual report on Form 10-K for the fiscal year ended May 30, 2010.

Earnings per share growth and return on average total capital improvement exclude the impact of mark-to-market valuation of certain commodity positions and grain inventories, net gain on divestitures, gain from an insurance settlement, the effect of Federal Court decisions on an uncertain tax item, and an enactment date tax charge related to recent health care reform legislation. See pages 45-47 of our annual report on Form 10-K for the fiscal year ended May 30, 2010 for a discussion of these adjusted corporate performance measures and a reconciliation to the results as reported in accordance with generally accepted accounting principles.

*Total Stockholder Return*

The graph below demonstrates that the company's financial performance has resulted in superior returns to General Mills stockholders for the last three fiscal years, well above the total returns delivered by an index of our consumer packaged goods industry peer group and the Standard & Poor's 500 Index.

Source: Bloomberg

**Table of Contents**

*Performance-Based Compensation*

There is a significant difference in total direct compensation (base salary; annual incentive, including cash and restricted stock unit (RSU) match portions; and long-term incentive) paid to the named executive officers when the company has superior performance (resulting in a 1.80 Corporate Performance Rating) versus significantly below intended performance (resulting in a 1.00 Corporate Performance Rating). The charts below demonstrate the fiscal 2010 range of performance goals and corresponding range of total direct compensation for our Chairman and Chief Executive Officer, Kendall J. Powell. The column Superior Performance (1.80 Rating) presents the maximum payout; however, there is no minimum payout. If performance fell below the level indicated under Significantly Below Intended Performance (1.00 Rating), total direct compensation similarly would fall below the level indicated in the bar chart, and long-term incentive award values would likely not deliver the estimated grant values.

The bar chart illustrates the potential variability in Mr. Powell's total direct compensation, depending on company performance. Despite the company's superior performance in fiscal 2010, Mr. Powell's total direct

**Table of Contents**

compensation remained below median in comparison to our compensation peer group. See the discussion under CEO Performance and Compensation.

- \* Includes Mr. Powell's Salary and Non-Equity Incentive Plan Compensation, as quantified in the Summary Compensation Table, and Stock and Option Awards Tied to Fiscal Year Performance, as quantified under Compensation Earned for Fiscal Year Performance.

*Annual Incentive Awards*

General Mills has an Executive Incentive Plan that provides the named executive officers with an opportunity to earn an annual incentive award that is paid partially in cash. The balance of the annual incentive award is paid in a restricted stock unit match that requires deposit of an equivalent number of personally-owned shares for the duration of the vesting period.

For the named executive officers, the value of the restricted stock unit match is equal to 30% of their cash incentive award. The restricted stock unit match can be increased or decreased by as much as 30% based on the Corporate Performance Rating for that fiscal year. In fiscal 2010, all employees eligible for the restricted stock unit match received a 26% upward adjustment in grant size based on the 1.76 Corporate Performance Rating.

For the five named executive officers, annual incentive cash awards are determined according to the formulas described below. Annual incentive awards for the named executive officers can vary greatly from year to year based on the Corporate Performance Rating, which can range from 0 to 1.80; and the executive's Individual Performance Rating, which can range from 0 to 1.50.

**Annual Incentive Cash Portion**

$$\text{Annual Incentive Cash} = \text{Salary} \times \text{Base Incentive Rate}^* \times \text{Corporate Performance Rating} \times \text{Individual Performance Rating}$$

\* 50%-75% based on level of responsibility

**Annual Incentive Restricted Stock Unit Match Portion**

$$\text{Annual Incentive RSU} = \text{Annual Incentive Cash} \times 30\% \times \text{Corporate Performance Rating Adjustment} \times \text{Stock Price on Grant Date}$$

Individual Performance Ratings are based on the achievement of specific annual objectives such as business goals, financial and operating results, completion of strategic initiatives, the quality of business plans, organizational development progress in important areas like diversity and employee development, and demonstration of leadership. The full board approves the Chief Executive Officer's Individual Performance Rating, and the compensation committee approves the ratings for the other named executive officers.



The restricted stock unit match portion of the annual incentive vests 100% four years after the grant date. To be eligible to receive these restricted stock units, each named executive officer must put an equal number of personally-owned shares of General Mills stock on deposit until the end of the restriction period in order for the restricted stock units to vest. Restricted stock units earn dividend equivalents equal to regular dividends paid on our common stock, which are held and paid only to the extent the underlying restricted stock units vest. For awards made prior to June 2009, dividend equivalents are paid quarterly in cash.

The current Executive Incentive Plan expires in 2010, and we are asking that stockholders approve a new plan at this time. See Proposal Number 2- Approval of the Executive Incentive Plan. Once the current Executive

## **Table of Contents**

Incentive Plan expires, restricted stock unit matches will come from the 2009 Stock Compensation Plan and future stock plans.

### *Long-Term Incentive Awards and Retention Awards*

A significant portion of the named executive officers' pay opportunity is provided through long-term incentive awards granted under the 2009 Stock Compensation Plan.

Awards for each fiscal year are granted annually in June just after fiscal year end. The size of the awards is periodically benchmarked against the long-term incentive awards made by compensation peer group companies to executives holding comparable positions. Each named executive officer's standard award can be increased or decreased by as much as 30% based on the Corporate Performance Rating for the fiscal year. For the June 2010 awards, all employees eligible for stock compensation received an increase to their long-term incentive grant value of 26% based on the 1.76 Corporate Performance Rating for fiscal 2010.

The value of our long-term incentive awards is delivered 50% in stock options and 50% in restricted stock units. Executives can elect a greater portion in restricted stock units up to a maximum of 75% of the total award value. The restricted stock units vest 100% four years after the grant date. At vest, half of the value of the awards will be settled in cash and half of the value will be settled in stock. The restricted stock units earn dividend equivalents equal to regular dividends paid on our common stock, which are held and paid only to the extent the underlying restricted stock units vest. For awards made prior to June 2009, dividend equivalents are paid quarterly in cash.

The options issued as part of the long-term incentive awards granted for fiscal 2010 performance also vest 100% four years after the grant date. The exercise price per share equals the closing price of our common stock on the New York Stock Exchange on the grant date. The options generally expire 10 years and one month from the grant date. They include the right to pay the exercise price in cash or previously acquired common stock and the right to have shares withheld by the company to pay withholding tax obligations due upon exercise.

Special off-cycle restricted stock unit awards are made periodically by the compensation committee to named executive officers for the purposes of performance recognition and retention. At vest, the awards will be settled in stock. The restricted stock units earn dividend equivalents equal to regular dividends paid on our common stock, which are held and paid only to the extent the underlying restricted stock units vest. In fiscal 2010, the compensation committee granted awards to Mr. Friendly and Mr. O'Leary that vest 100% five years after the April 1, 2010 grant date.

## **CEO Performance and Compensation**

Mr. Powell was promoted to Chairman and Chief Executive Officer in fiscal 2008. Based on the most recent proxy analysis conducted by the independent compensation consultant, Mr. Powell's total direct compensation for fiscal 2010 is positioned just below the 25th percentile of chief executive officer compensation for U.S. companies in the consumer packaged goods industry peer group.

In assessing Mr. Powell's individual performance for fiscal 2010, the compensation committee solicited written feedback from all non-employee directors and subsequently discussed the consolidated input with all non-employee directors in executive session. The criteria used to measure Mr. Powell's performance included the company's financial and operational performance for fiscal 2010, the overall level of leadership he provided, and his continued ability to develop and implement strategies to enhance stockholder value. The compensation committee also considered Mr. Powell's performance against his pre-established fiscal year objectives in a number of additional areas such as brand building, key customer initiatives, international expansion, marketplace innovation, margin expansion,

productivity improvement, organizational development, diversity, and stockholder relations.

Based on the annual assessment of his performance by the board of directors, the compensation committee recommended and the full board of directors approved a fiscal 2010 annual incentive payment to Mr. Powell of \$1,926,622 in cash and a 19,473 restricted stock unit match requiring a deposit of an equivalent number of personally-owned shares; this award includes an upward adjustment of 26% based on the Corporate

34

---

**Table of Contents**

Performance Rating of 1.76. Along with the rest of company officers, Mr. Powell received a mid-year merit increase to base salary of \$19,300 (or approximately 2%) effective January 1, 2010, which was postponed from July 1, 2009.

Given his outstanding performance and the competitive positioning of his compensation, the compensation committee also recommended and the full board of directors approved an increase to Mr. Powell's long-term incentive award which resulted in a grant of 91,468 restricted stock units and 457,340 stock options, including an upward adjustment of 26% based on the Corporate Performance Rating of 1.76.

The table below outlines the total direct compensation paid to Mr. Powell and its relative positioning.

<b>Element</b>	<b>Compensation Philosophy Target Positioning</b>	<b>Fiscal 2010 CEO Compensation Market Positioning</b>
<b>Base Salary</b>	<b>Compensation Peer Group Median</b>	Base salary below 25th percentile of the compensation peer group
<b>Annual Incentive</b>	<b>Performance Based:</b>  Awards range from below to above median based on performance.  Awards are well above median when corporate performance ranks in the top quartile.	Including both the cash and restricted stock match portions of the annual incentive, the award was approximately at median for the compensation peer group  Fiscal 2010 performance in top quartile of industry peer group
<b>Long-term Incentive</b>	<b>Performance Based:</b>  Awards range from below to above median based on performance.  Awards are well above median when corporate performance ranks in the top quartile.	Long-term incentive award below 25th percentile of the compensation peer group  Fiscal 2010 performance in top quartile of industry peer group

**Compensation Policies***Stock Ownership Requirements*

Since 1991 the company has maintained stock ownership requirements for senior executives. Currently these targets are ten-times salary for the Chief Executive Officer, five-times salary for senior vice presidents and above, including the named executive officers other than the Chief Executive Officer, and three-times salary for all other corporate officers. Newly-hired or promoted executives are given five years to attain the ownership target. General Mills executives who have been in their role for multiple years generally exceed the stock ownership requirements by significant amounts. As of July 29, 2010, all of our named executive officers had stock ownership levels at or above

their respective ownership requirements. Stock ownership includes direct ownership, unvested restricted stock units and shares net of tax withholding from exercisable options.

Our high level of executive stock ownership is a result of several factors, including strong retention of executive talent (unwanted turnover of the top 500 managers is typically less than 1% annually), longer stock vesting requirements than any company in our compensation peer group (awards vest 100% four years from the grant date), and the restricted stock unit match, which requires that executives deposit an equivalent number of personally-owned shares for the four-year vesting period. In addition, most executives at General Mills hold their stock options for eight years or longer before exercising.

**Table of Contents**

*Stock Compensation Award Approval*

We have strict administrative guidelines on the timing and approval of stock compensation awards. The compensation committee pre-approves all awards to senior vice presidents and higher-level executive officers, and the board pre-approves awards to the Chief Executive Officer. They typically approve these awards at the regularly scheduled June board meeting, when the rest of the annual and long-term incentive awards are granted to our employees. Under the terms of the 2007 and 2009 Stock Compensation Plans, the company cannot grant stock options at a discount to fair market value on the grant date. Except for the annual June grant, awards to executive officers may not be approved during trading blackout periods.

*Independent Compensation Consultant Engagement*

The compensation committee has adopted a policy for engagement of the committee's independent compensation consultant, in order to ensure the consultant's continuing independence and its accountability to the committee. The compensation committee has the sole authority to retain or replace the independent compensation consultant. Compensation committee approval is required prior to the company retaining the independent compensation consultant for any executive compensation services or other consulting services or products above an aggregate annual amount of \$25,000. In accordance with the policy, the compensation committee selected the firm of Frederic W. Cook & Co., Inc. to be its independent compensation consultant for fiscal 2010. This firm advises the compensation committee on executive and director compensation but performs no other services for the company.

*Executive Compensation Clawback Policy*

In June 2009, the company adopted an Executive Compensation Clawback Policy. In the event the company is required to restate financial results due to fraud, intentional misconduct, gross negligence or otherwise, the compensation committee may adjust the future compensation, cancel outstanding stock or performance-based awards, or seek recoupment of previous awards for company officers whose conduct contributed significantly to a financial restatement. Also, the compensation committee may take action where it reasonably believes the company's Employee Code of Conduct or the terms of a separation agreement have been violated. The policy was adopted in response to emerging market practices and to protect stockholder interests, but may be amended to comply with pending federal legislation.

*Tax Deductibility of Compensation*

Our Executive Incentive Plan, the 2007 Stock Compensation Plan and the 2009 Stock Compensation Plan have each been structured with the intention that cash incentive payments, restricted stock units, stock options, stock appreciation rights and performance awards under these plans can qualify as performance-based compensation, which is tax-deductible to the company under Section 162(m) of the Internal Revenue Code.

**SUMMARY COMPENSATION TABLE**

The following tables and accompanying narrative disclosure should be read in conjunction with the Compensation Discussion and Analysis. They present compensation for individuals who served as Chief Executive Officer and Chief Financial Officer during fiscal 2010, and for each of the other three most highly-compensated executive officers who were serving as executive officers at the end of fiscal 2010 (the "named executive officers"). Mr. O'Leary was not a named executive officer in fiscal 2008, and therefore information about his compensation for that fiscal year is not included. Equity awards reflect the company's two-for-one stock split with a record date of May 28, 2010.

The Summary Compensation Table below contains values calculated and disclosed according to SEC reporting requirements. This table reports salary and non-equity incentive plan compensation for the fiscal year in which they are earned. However, it reports stock and option awards granted during the fiscal year, as opposed to those earned for fiscal year performance, which are granted after fiscal year end. For example, fiscal 2010 compensation includes stock and option awards based on fiscal 2009 performance.

In order to more appropriately reflect the total compensation earned by the named executive officers for each fiscal year, we have created the subsequent table, Compensation Earned for Fiscal Year Performance. In

**Table of Contents**

this table, we include the stock and option awards earned for fiscal year performance, as opposed to those granted during the fiscal year. The table also includes the annualized value of unvested special off-cycle stock awards that vest over a five-year period, and adjusts out fluctuations in pension value due solely to changes in discount rate from year to year. It is this view of total compensation earned that the compensation committee considers in making compensation decisions for the named executive officers.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)	Change in Pension Value and Non-Qualified Deferred Compensation <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)
Hall J. Powell Chairman and CEO	2010	973,042		3,724,528	1,706,426	1,926,622	3,691,215	278,581	12,300,000
	2009	959,583		3,720,566	2,276,223	1,910,770	1,359,154	353,893	10,580,000
	2008	843,333		1,280,211	1,654,250	1,674,900	981,360	288,828	6,722,000
L. Mulligan CFO	2010	486,300		934,762	383,896	701,400	462,696	122,741	3,091,000
	2009	468,233		918,159	512,092	683,738	75,854	135,304	2,793,000
	2008	420,500		1,050,142	317,616	584,628	47,756	89,167	2,509,000
J. Rotsch Worldwide & Product Development	2010	555,832		1,064,310	447,871	733,698	1,824,346	165,091	4,791,000
	2009	549,259		1,081,604	597,422	729,142	582,873	162,965	3,703,000
L. Friendly COO, U.S.	2008	525,208		718,296	992,550	709,031	536,176	129,350	3,610,000
	2010	520,532		1,760,465	447,871	687,102	1,253,033	135,235	4,804,000
	2009	514,377		1,064,359	597,422	682,836	184,080	256,283	3,299,000
Christopher D. O'Leary COO, International	2008	492,417		783,083	992,550	748,163	245,624	1,288,745	4,550,000
	2010	500,248		1,748,627	447,871	655,925	612,896	157,573	4,123,000
	2009	494,334		1,053,962	597,422	651,853	116,273	145,039	3,058,000

Total Compensation Per Summary	Stock Adjustments				Minus Change in Pension Value Due To Discount Rate	Total Compensation Earned For
	Minus Stock and Option Awards Tied to Prior Year Performance		Plus Stock and Option Awards Tied to Fiscal Year Performance			
	Stock	Option	Stock	Option		



Edgar Filing: GENERAL MILLS INC - Form DEF 14A

Name	Year	Compensation					Changes (\$)	Fiscal Year (\$)
		Table (\$)	Awards (\$)	Awards (\$)	Awards (\$)	Awards (\$)		
K. J. Powell	2010	12,300,414	3,724,528	1,706,426	4,149,193	1,865,947	1,786,882	11,097,718
	2009	10,580,189	3,720,566	2,276,223	3,724,528	1,706,426	(455,994)	10,470,348
	2008	6,722,882	1,280,211	1,654,250	3,720,566	2,276,223	(425,470)	10,210,680
D. L. Mulligan	2010	3,091,795	934,762	383,896	1,366,789	515,455	253,177	3,402,204
	2009	2,793,380	918,159	512,092	1,091,362	383,896	(56,194)	2,894,581
	2008	2,509,809	1,050,142	317,616	1,074,759	512,092	(58,571)	2,787,473
J. J. Rotsch	2010	4,791,148	1,064,310	447,871	1,447,754	212,796	952,507	3,987,010
	2009	3,703,265	1,081,604	597,422	1,064,310	447,871	(277,677)	3,814,097
	2008	3,610,611	718,296	992,550	1,081,604	597,422	(319,179)	3,897,970
I. R. Friendly	2010	4,804,238	1,760,465	447,871	1,347,526	515,455	838,471	3,620,412
	2009	3,299,357	1,064,359	597,422	1,189,425	447,871	(223,486)	3,498,358
	2008	4,550,582	783,083	992,550	1,064,359	597,422	(253,463)	4,690,193
C. D. O Leary	2010	4,123,140	1,748,627	447,871	1,335,745	515,455	350,466	3,427,376
	2009	3,058,883	1,053,962	597,422	1,177,587	447,871	(84,970)	3,117,927

37

**Table of Contents**

The table below shows the number of stock and option awards earned for fiscal 2010 performance, the annualized number of unvested special off-cycle stock awards, and in the last two columns, the grant date fair value of these awards calculated in accordance with FASB ASC Topic 718.

**Stock and Option Awards Based on Fiscal 2010 Performance**

Name	Long-Term			Grant Date Fair Value		
	Annual Incentive Restricted Stock Unit Match Award (#)	Incentive Restricted Stock Unit Award (#)	Long-Term Incentive Stock Option Award (#)	Annualized Special Off-Cycle Stock Awards* (#)	Annualized Special Off-Cycle Stock Awards* (\$)	Long-Term Incentive Awards (\$)
K. J. Powell	19,473	91,468	457,340		0	6,015,140
D. L. Mulligan	7,090	25,268	126,337	6,000	156,600	1,725,644
J. J. Rotsch	7,416	31,294	52,156		0	1,660,550
I. R. Friendly	6,945	25,268	126,337	4,000	142,760	1,720,221
C. D. O Leary	6,630	25,268	126,337	4,000	142,760	1,708,440

\* Special off-cycle stock awards are made periodically to named executive officers for the purpose of performance recognition and retention. Mr. Mulligan's grant was awarded in July 2006; Mr. Friendly and Mr. O Leary's grants were awarded in April 2010. These awards vest 100% five years after the grant date. We consider 20% of the value of all unvested special off-cycle grants to be a part of the annual compensation paid to the named executive officers during the vesting period.

- (1) We awarded bonuses based on our achievement of certain performance goals established at the beginning of each fiscal year. Accordingly, bonuses are disclosed under the Non-Equity Incentive Plan Compensation column of this table.
- (2) Includes the grant date fair value of (a) restricted stock units and options granted during fiscal 2010 as annual and long-term incentive awards and (b) 20,000 restricted stock units granted to each of Mr. Friendly and Mr. O Leary on April 1, 2010, vesting 100% on April 1, 2015. These awards were made to recognize their outstanding performance and for retention purposes. Excludes awards based on fiscal 2010 performance but granted after fiscal year end in June 2010.

Grant date fair value is calculated in accordance with FASB ASC Topic 718. For fiscal 2010, assumptions used to calculate these amounts are factored into Note 11 Stock Plans of the audited financial statements included in our annual report on Form 10-K for the fiscal year ended May 30, 2010.

The grant date fair value of each stock award granted in fiscal 2010 equals the closing price of our common stock on the New York Stock Exchange on the grant date. The values shown have not been adjusted to reflect that these units are subject to forfeiture.

The grant date fair value of options granted in fiscal 2010 equals \$3.18 per share based on the Black-Scholes option-pricing model. The following assumptions were used in the calculation: expected term of 8.5 years; dividend yield of 3.4% annually; a risk-free interest rate of 3.7%; and expected price volatility of 18.9%. The values shown have not been adjusted to reflect that these options are subject to forfeiture.

- (3) Includes the cash portion of the annual incentive award paid to our named executive officers under the Executive Incentive Plan. The annual incentive award was paid partially in cash and partially in restricted stock units, and was based on the achievement of certain individual and corporate performance goals for each fiscal year. For more information on how the annual incentive award is calculated, see the Compensation Discussion and Analysis.
- (4) Includes the annual increase in the actuarial present value of accumulated benefits under our Pension Plan and Supplemental Retirement Plan. There were no above market or preferential earnings on deferred compensation.

**Table of Contents**

There have been no enhanced pension benefits delivered to our named executive officers via a change in plan design over the last three years. The single largest factor for increasing pension values in fiscal 2010 was a change in the discount rate assumption used to calculate the values. Other reasons for the increases relate to additional service, aging and increases in Final Average Earnings as defined in the Pension Benefits section. The following table quantifies the discount rate impact and shows Actual Benefit Value Change, representing the total change in pension benefits for the year excluding discount rate impact.

**Change in Actuarial Present Value of Accumulated Pension Benefits**

Name	Year	Total Change for Year (\$)	Minus Discount Rate Change* (\$)	Equals Actual Benefit Value Change (\$)
K. J. Powell	2010	3,691,215	1,786,882	1,904,333
	2009	1,359,154	(445,994)	1,805,148
	2008	981,360	(425,470)	1,406,830
D. L. Mulligan	2010	462,696	253,177	209,519
	2009	75,854	(56,194)	132,048
	2008	47,756	(58,751)	106,507
J. J. Rotsch	2010	1,824,346	952,507	871,839
	2009	582,873	(277,677)	860,550
	2008	536,176	(319,179)	855,355
I. R. Friendly	2010	1,253,033	838,471	414,562
	2009	184,080	(223,486)	407,566
	2008	245,624	(253,463)	499,087
C. D. O Leary	2010	612,896	350,466	262,430
	2009	116,273	(84,970)	201,243

- \* 2010 Discount rate decrease from 7.50% to 5.85% increased present value.  
 2009 Discount rate increase from 6.90% to 7.50% reduced present value.  
 2008 Discount rate increase from 6.20% to 6.90% reduced present value.

(5) All Other Compensation for fiscal 2010 includes the following amounts:

**All Other Compensation**

Name	Matching Contributions on Retirement Savings Plans <sup>(6)</sup> (\$)	Tax Reimburse- ments <sup>(7)</sup> (\$)	Perquisites and Other Personal Benefits <sup>(8)</sup> (\$)	Total (\$)
------	--	---	--	---------------

K. J. Powell	172,999	3,405	102,177	278,581
D. L. Mulligan	68,898	121	53,722	122,741
J. J. Rotsch	79,719	14,315	71,057	165,091
I. R. Friendly	73,921	3,328	57,986	135,235
C. D. O Leary	70,063	7,501	80,009	157,573

- (6) Includes the company's fixed and variable matching contributions during fiscal 2010 to the Deferred Compensation Plan, which are made as if the named executive officer contributed these amounts to the 401(k) Plan; the 401(k) Plan; and the Supplemental Savings Plan. For more information on the terms of the matching contributions, see Other Retirement Savings Plans.

**Table of Contents****Matching Contributions on Retirement Savings Plans**

<b>Name</b>	<b>Matching Contributions on Deferred Compensation (\$)</b>	<b>Matching Contributions on 401(k) Plan Contributions (\$)</b>	<b>Matching Contributions on Supplemental Plan Contributions (\$)</b>	<b>Total (\$)</b>
K. J. Powell	11,249	13,671	148,079	172,999
D. L. Mulligan	19,076	14,537	35,285	68,898
J. J. Rotsch	46,352	13,831	19,536	79,719
I. R. Friendly	11,008	13,927	48,986	73,921
C. D. O Leary		13,894	56,169	70,063

- (7) Includes reimbursements for tax liabilities accrued as a result of (a) spousal travel to business functions at the request of customers or the company and (b) the receipt of welcome gifts at business functions. These reimbursements are a broad-based benefit available to other employees.

For Mr. Friendly, also includes \$1,309 of payments and reimbursements for incremental taxes resulting from Mr. Friendly's assignment to Cereal Partners Worldwide in Switzerland. The payments were made pursuant to a policy that applies to all employees on international assignment.

- (8) Includes the following perquisites and other personal benefits for fiscal 2010:

**Perquisites and Other Personal Benefits**

<b>Name</b>	<b>Personal Travel<sup>(9)</sup> (\$)</b>	<b>Personal Use of Executive Car<sup>(10)</sup> (\$)</b>	<b>Financial Counseling (\$)</b>	<b>Executive Insurance</b>		<b>Total (\$)</b>
				<b>Plans<sup>(11)</sup> (\$)</b>	<b>Other<sup>(12)</sup> (\$)</b>	
K. J. Powell	44,827	7,646	15,000	34,292	412	102,177
D. L. Mulligan	727	11,819	6,472	34,292	412	53,722
J. J. Rotsch	19,022	11,713	2,654	34,292	3,376	71,057
I. R. Friendly	2,698	12,584	8,000	34,292	412	57,986
C. D. O Leary	13,864	11,441	20,000	34,292	412	80,009

- (9) Includes incremental cost of travel, food and activities related to spousal attendance at business functions at the request of customers or the company. This is a broad-based benefit available to other employees.

Also includes the incremental cost of personal use of corporate aircraft. We valued the incremental cost using a method that takes into account aircraft fuel expenses per flight hour and engine maintenance expenses per flight hour attributable to personal use; and to the extent attributable to personal use, any landing and parking fees; flight planning expenses; crew travel expenses; supplies and catering; excise taxes; and customs, foreign permit and similar fees.

We have an Aircraft Time Sharing Agreement with Mr. Powell and a related policy that requires him to reimburse us for personal use of corporate aircraft to the extent that the cost of his personal use exceeds \$100,000 in any fiscal year.

- (10) Includes the annual taxable value of the vehicle according to IRS regulations plus the applicable IRS rate per mile to cover fuel and maintenance charges.
- (11) Includes premiums paid for executive medical coverage that exceed the cost of medical coverage made available to most full-time employees based in the United States. Effective in December 2009, executive medical coverage was closed to new participants.
- (12) Includes the nominal cost of welcome gifts received at business functions. This is a broad-based benefit available to other employees.

**Table of Contents**

The following table describes the potential range of annual incentive cash awards for fiscal 2010 performance and equity awards granted in fiscal 2010 for fiscal 2009 performance. The Summary Compensation Table and Compensation Discussion and Analysis include additional information about equity awards granted. Equity awards reflect the company's two-for-one stock split with a record date of May 28, 2010.

**GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2010**

Name	Grant Date	Award Type	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Significantly Below Intended Performance 1.00 (\$)	Superior Performance 1.80 (\$)				
K. J. Powell	6/29/2009 <sup>(1)</sup>	Cash	1,021,694	1,970,409				
	6/29/2009 <sup>(2)</sup>	RSU			26,076			728,042
	6/29/2009 <sup>(3)</sup>	RSU			107,324			2,996,486
	6/29/2009 <sup>(4)</sup>	Options				536,612	27.92	1,706,426
D. L. Mulligan	6/29/2009 <sup>(1)</sup>	Cash	374,451	722,156				
	6/29/2009 <sup>(2)</sup>	RSU			9,332			260,549
	6/29/2009 <sup>(3)</sup>	RSU			24,148			674,212
	6/29/2009 <sup>(4)</sup>	Options				120,722	27.92	383,896
J. J. Rotsch	6/29/2009 <sup>(1)</sup>	Cash	389,082	750,373				
	6/29/2009 <sup>(2)</sup>	RSU			9,952			277,860
	6/29/2009 <sup>(3)</sup>	RSU			28,168			786,451
	6/29/2009 <sup>(4)</sup>	Options				140,840	27.92	447,871
I. R. Friendly	6/29/2009 <sup>(1)</sup>	Cash	364,372	702,718				
	6/29/2009 <sup>(2)</sup>	RSU			9,320			260,214
	6/29/2009 <sup>(3)</sup>	RSU			28,168			786,451
	6/29/2009 <sup>(4)</sup>	Options				140,840	27.92	447,871
	4/1/2010 <sup>(5)</sup>	Special RSU			20,000			713,800
C. D. O Leary	6/29/2009 <sup>(1)</sup>	Cash	350,174	675,335				
	6/29/2009 <sup>(2)</sup>	RSU			8,896			248,376
	6/29/2009 <sup>(3)</sup>	RSU			28,168			786,451
	6/29/2009 <sup>(4)</sup>	Options				140,840	27.92	447,871
	4/1/2010 <sup>(5)</sup>	Special RSU			20,000			713,800

(1) **Range of Annual Incentive Cash Awards for Fiscal 2010 Performance.** Includes payouts of annual cash incentive awards for significantly below intended performance and superior performance in fiscal 2010 under the Executive Incentive Plan. Actual payouts are described in the Summary Compensation Table.



There is no specific target level of performance under our performance-based compensation plans, but a range of performance goals that correspond to a range of compensation payouts. Significantly below intended performance payout assumes performance at the bottom end of the median range in relation to the consumer packaged goods industry peer group, which translates to a Corporate Performance Rating of 1.00 and an Individual Performance Rating of 1.40. Maximum payout assumes superior performance, which translates to a Corporate Performance Rating of 1.80 and an Individual Performance Rating of 1.50. There is no minimum payout. However, if performance fell below the level indicated under Significantly Below Intended Performance (1.00 Rating), total direct compensation similarly would fall below the level indicated in the above table, and long-term incentive award values would likely not deliver the estimated

**Table of Contents**

grant values. For more information on how incentive awards are calculated based on performance ratings, see the Compensation Discussion and Analysis.

- (2) **Restricted Stock Unit Matches for Fiscal 2009 Performance.** Includes restricted stock units earned in fiscal 2009 but granted in fiscal 2010 under the Executive Incentive Plan. To be eligible to receive these restricted stock units, each named executive officer must put an equal number of personally-owned shares of General Mills stock on deposit until the end of the restriction period in order for the restricted stock units to vest.
- (3) **Long-Term Incentive Restricted Stock Unit Awards for Fiscal 2009 Performance.** Includes restricted stock units earned in fiscal 2009 but granted in fiscal 2010 under the 2007 Stock Compensation Plan.
- (4) **Long-Term Incentive Option Awards for Fiscal 2009 Performance.** Includes options earned in fiscal 2009 but granted in fiscal 2010 under the 2007 Stock Compensation Plan.
- (5) **Retention Awards.** Includes 20,000 restricted stock units granted under the 2009 Stock Compensation Plan to each of Mr. Friendly and Mr. O Leary on April 1, 2010, vesting 100% on April 1, 2015. These awards were made to recognize their outstanding performance and for retention purposes.

The long-term incentive awards and restricted stock unit matches described above reflect a 27% increase from median levels due to the fiscal 2009 Corporate Performance Rating. Information on other terms of these awards are described under **Pay and Performance Relationship** in the Compensation Discussion and Analysis. See **Potential Payments Upon Termination** for a discussion of how equity awards are treated under various termination scenarios.

The following table summarizes the outstanding equity awards as of May 30, 2010 for each of the named executive officers. Equity awards reflect the company's two-for-one stock split with a record date of May 28, 2010.

**OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END**

Name	Vesting Date <sup>(1)</sup>	Option Awards <sup>(2)</sup>			Stock Awards <sup>(2)</sup>	
		Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup> (\$)
K. J. Powell	6/26/2010	Exercisable			25,000	890,500
	6/26/2010	Unexercisable			10,586	377,073
	6/25/2011				17,552	625,202
	6/25/2011				26,000	926,120

Edgar Filing: GENERAL MILLS INC - Form DEF 14A

6/23/2012				20,608	734,057
6/23/2012				96,760	3,446,591
6/29/2013				26,076	928,827
6/29/2013				107,324	3,822,881
12/18/2004	145,372		20.24		1/18/2011
8/01/2005	15,200		21.90		9/01/2011
12/17/2005	152,500		24.81		1/17/2012
12/16/2006	120,600		21.93		1/16/2013
12/15/2007	111,188		23.06		1/15/2014
12/13/2008	206,250		23.49		1/13/2015
6/26/2010		312,500	25.63		7/26/2016
6/25/2011		325,000	29.40		7/25/2017
6/23/2012		483,788	31.70		7/23/2018
6/29/2013		536,612	27.92		7/29/2019

42

---

**Table of Contents**

Name	Vesting Date <sup>(1)</sup>	Option Awards <sup>(2)</sup>			Stock Awards <sup>(2)</sup>		
		Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup> (\$)
		Exercisable	Unexercisable				
D. L. Mulligan	6/26/2010					3,542	126,166
	6/26/2010					5,000	178,100
	6/25/2011					3,888	138,491
	6/25/2011					5,200	185,224
	7/17/2011*					30,000	1,068,600
	6/23/2012					21,768	775,376
	6/23/2012					7,196	256,322
	6/29/2013					9,332	332,406
	6/29/2013					24,148	860,152
	12/17/2005	40,000		24.81	1/17/2012		
	12/16/2006	35,400		21.93	1/16/2013		
	12/16/2006	6,600		21.93	1/16/2013		
	12/15/2007	36,376		23.06	1/15/2014		
	12/15/2007	2,400		23.06	1/15/2014		
	12/13/2008	34,650		23.49	1/13/2015		
	6/26/2010		60,000	25.63	7/26/2016		
	6/25/2011		62,400	29.40	7/25/2017		
6/23/2012		108,840	31.70	7/23/2018			
6/29/2013		120,722	27.92	7/29/2019			
J. J. Rotsch	6/26/2010					15,000	534,300
	6/26/2010					7,770	276,767
	6/01/2011*					40,000	1,424,800
	6/25/2011					15,600	555,672
	6/25/2011					8,836	314,738
	6/23/2012					25,396	904,606
	6/23/2012					8,724	310,749
	6/29/2013					9,952	354,490
	6/29/2013					28,168	1,003,344
	6/26/2004	12,884		19.10	7/26/2010		
	8/01/2004	34,500		17.36	9/01/2010		
12/18/2004	160,000		20.24	1/18/2011			
8/01/2005	16,400		21.90	9/01/2011			

Edgar Filing: GENERAL MILLS INC - Form DEF 14A

12/17/2005	187,500		24.81	1/17/2012
12/16/2006	150,000		21.93	1/16/2013
12/15/2007	140,626		23.05	1/15/2014
12/13/2008	123,750		23.49	1/13/2015
6/26/2010		187,500	25.63	7/26/2016
6/25/2011		195,000	29.40	7/25/2017
6/23/2012		126,976	31.70	7/23/2018
6/29/2013		140,840	27.92	7/29/2019

**Table of Contents**

Name	Vesting Date <sup>(1)</sup>	Option Awards <sup>(2)</sup>			Stock Awards <sup>(2)</sup>		
		Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup> (\$)
		Exercisable	Unexercisable			(#)	(\$)
I. R. Friendly	6/26/2010					6,712	239,081
	6/26/2010					15,000	534,300
	6/25/2011					11,040	393,245
	6/25/2011					15,600	555,672
	6/23/2012					25,396	904,606
	6/23/2012					8,180	291,372
	6/29/2013					9,320	331,978
	6/29/2013					28,168	1,003,344
	4/1/2015*					20,000	712,400
	12/17/2005	160,000		24.81	1/17/2012		
	12/16/2006	128,000		21.93	1/16/2013		
	12/15/2007	120,000		23.06	1/15/2014		
	12/13/2008	115,500		23.49	1/13/2015		
	6/26/2010		187,500	25.63	7/26/2016		
6/25/2011		195,000	29.40	7/25/2017			
6/23/2012		126,976	31.70	7/23/2018			
6/29/2013		140,840	27.92	7/29/2019			
C. D. O Leary	6/26/2010					5,290	188,430
	6/26/2010					15,000	534,300
	6/25/2011					15,600	555,672
	6/25/2011					7,952	283,250
	6/23/2012					25,396	904,606
	6/23/2012					7,852	279,688
	6/29/2013					8,896	316,876
	6/29/2013					28,168	1,003,344
	4/1/2015*					20,000	712,400
	6/26/2004	8,460		19.10	7/26/2010		
	8/01/2004	14,500		17.36	9/01/2010		
	12/18/2004	133,000		20.24	1/18/2011		
	8/01/2005	13,800		21.90	9/01/2011		
	12/17/2005	160,000		24.81	1/17/2012		
12/16/2006	128,000		21.93	1/16/2013			

Edgar Filing: GENERAL MILLS INC - Form DEF 14A

12/15/2007	120,000		23.06	1/15/2014
12/13/2008	105,600		23.49	1/13/2015
6/26/2010		187,500	25.63	7/26/2016
6/25/2011		195,000	29.40	7/25/2017
6/23/2012		126,976	31.70	7/23/2018
6/29/2013		140,840	27.92	7/29/2019

- (1) Options and restricted stock units vest 100% four years after the grant date, except that the asterisked awards vest 100% five years after the grant date.

44

---

**Table of Contents**

- (2) Excludes incentive awards earned in fiscal 2010 but granted in fiscal 2011.
- (3) Market value of unvested restricted stock units equals the closing price of our common stock on the New York Stock Exchange at fiscal year end (\$35.62) multiplied by the number of shares or units.

The following table summarizes the option awards exercised and restricted stock units vested during fiscal 2010 for each of the named executive officers. The number of shares acquired on exercise and shares acquired on vesting reflect the company's two-for-one stock split with a record date of May 28, 2010.

**OPTION EXERCISES AND STOCK VESTED FOR FISCAL 2010**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise <sup>(1)</sup> (\$)	Number of Shares Acquired on Vesting <sup>(2)</sup> (#)	Value Realized on Vesting <sup>(3)</sup> (\$)
K. J. Powell	156,400	2,555,928	6,634	169,731
D. L. Mulligan			1,980	50,658
J. J. Rotsch	208,972	3,034,987	3,636	93,027
I. R. Friendly	360,952	5,139,800	2,938	75,169
C. D. O'Leary	132,584	2,341,725	33,254	1,150,954

- (1) Value realized equals the closing price of our common stock on the New York Stock Exchange on the exercise date, less the exercise price, multiplied by the number of shares exercised.
- (2) Mr. Rotsch and Mr. Friendly deferred all shares acquired on vesting of their stock awards. For more information on the terms of deferral, see Nonqualified Deferred Compensation.
- (3) Value realized equals the closing price of our common stock on the New York Stock Exchange on the vesting date multiplied by the number of restricted stock units vested.

**PENSION BENEFITS**

The company maintains two defined benefit pension plans that include named executive officers:

The General Mills Pension Plan ( Pension Plan ) is a tax-qualified plan available generally to non-union employees in the United States that provides benefits based on a formula that yields an annual amount payable over the participant's life.

The Supplemental Retirement Plan of General Mills, Inc. ( Supplemental Retirement Plan ) provides benefits based on the Pension Plan formula in excess of the Internal Revenue Code limits placed on annual benefit amounts and annual compensation under the Pension Plan. The Supplemental Retirement Plan also provides benefits based on the Pension Plan formula that is attributable to deferred compensation.



**Table of Contents**

The following table shows present value of accumulated benefits that named executive officers are entitled to under the Pension Plan and Supplemental Retirement Plan.

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service<sup>(1)</sup> (#)</b>	<b>Present Value of Accumulated Benefit<sup>(2)</sup> (\$)</b>	<b>Payments During Last Fiscal Year<sup>(3)</sup> (\$)</b>
K. J. Powell <sup>(4)</sup>	Pension Plan	30.7823	971,463	