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

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED May 25, 2014

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ______ TO ______

Commission file number: 001-01185

GENERAL MILLS, INC.

(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

Aggregate market value of Common Stock held by non-affiliates of the registrant, based on the closing price of $50.12 per share as reported on the New York Stock Exchange on November 22, 2013 (the last business day of the registrant's most recently completed second fiscal quarter): $31,396.8 million.

Number of shares of Common Stock outstanding as of June 13, 2014: 612,508,457 (excluding 142,104,871 shares held in the treasury).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III.

Table of Contents

PART I

ITEM 1 Business

General Mills, Inc. was incorporated in Delaware in 1928. The terms "General Mills," "Company," "registrant," "we," "us," and "our" mean General Mills, Inc. and all subsidiaries included in the Consolidated Financial Statements in Item 8 of this report unless the context indicates otherwise.

Certain terms used throughout this report are defined in a glossary in Item 8 of this report.

COMPANY OVERVIEW

We are a leading global manufacturer and marketer of branded consumer foods sold through retail stores. We also are a leading supplier of branded and unbranded food products to the foodservice and commercial baking industries. We manufacture our products in 16 countries and market them in more than 100 countries. In addition to our consolidated operations, we have 50 percent interests in two strategic joint ventures that manufacture and market food products sold in more than 130 countries worldwide.

We offer a variety of food products that provide great taste, nutrition, convenience and value for consumers around the world, with a focus on five large and growing global categories:

- ready-to-eat cereal;
- convenient meals, including meal kits, ethnic meals, pizza, soup, frozen breakfast, and frozen entrees;
- snacks, including grain, fruit and savory snacks, nutrition bars, and frozen hot snacks;
- yogurt; and
- super-premium ice cream.

Other significant product categories include:

- baking mixes and ingredients;
- refrigerated and frozen dough; and
- frozen and shelf-stable vegetables.

Our Cereal Partners Worldwide (CPW) joint venture with Nestlé S.A. (Nestlé) competes in the ready-to-eat cereal category in markets outside North America and our Häagen-Dazs Japan, Inc. (HDJ) joint venture competes in the super-premium ice cream category in Japan. For net sales contributed by each class of similar products, see Note 16 to the Consolidated Financial Statements in Item 8 of this report.

We manage and review the financial results of our business under three operating segments: U.S. Retail; International; and Convenience Stores and Foodservice. See Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in Item 7 of this report for a description of our segments. For financial information by segment and geographic area, see Note 16 to the Consolidated Financial Statements in Item 8 of this report.

Customers. Our primary customers are grocery stores, mass merchandisers, membership stores, natural food chains, drug, dollar and discount chains, commercial and noncommercial foodservice distributors and operators, restaurants, and convenience stores. We generally sell to these customers through our direct sales force. We use broker and distribution arrangements for certain products or to serve certain types of customers. For further information on our customer credit and product return practices, please refer to Note 2 to the Consolidated Financial Statements in Item 8 of this report.

During fiscal 2014, Wal-Mart Stores, Inc. and its affiliates (Wal-Mart) accounted for 21 percent of our consolidated net sales and 30 percent of our net sales in the U.S. Retail segment. No other customer accounted for 10 percent or more of our consolidated net sales. Wal-Mart also represented 7 percent of our net sales in the International segment and 7 percent of our net sales in the Convenience Stores and Foodservice segment. As of May 25, 2014, Wal-Mart accounted for 31 percent of our U.S. Retail receivables, 5 percent of our International receivables, and 9 percent of our Convenience Stores and Foodservice receivables. The five largest customers in our U.S. Retail segment accounted for 53 percent of its fiscal 2014 net sales, the five largest customers in our International segment accounted for 25 percent of its fiscal 2014 net sales, and the five largest customers in our Convenience Stores and Foodservice segment accounted for 42 percent of its fiscal 2014 net sales.

Competition. The consumer foods industry is highly competitive, with numerous manufacturers of varying sizes in the United States and throughout the world. The food categories in which we participate are also very competitive. Our principal competitors in these categories all have substantial financial, marketing, and other resources. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, and the ability to identify and satisfy consumer preferences. Our principal strategies for competing in each of our segments include unique consumer insights, effective customer relationships, superior product quality, innovative advertising, product promotion, product innovation aligned with consumers' needs, an efficient supply chain, and price. In most product categories, we compete not only with other widely advertised, branded products, but also with generic and private label products that are generally sold at lower prices. Internationally, we compete with both multi-national and local manufacturers, and each country includes a unique group of competitors.

Raw materials, ingredients, and packaging. The principal raw materials that we use are grains (wheat, oats, and corn), sugar, dairy products, vegetables, fruits, meats, vegetable oils, and other agricultural products. We also use substantial quantities of carton board, corrugated, plastic and metal packaging materials, operating supplies, and energy. Most of these inputs for our domestic and Canadian operations are purchased from suppliers in the United States. In our international operations, inputs that are not locally available in adequate supply may be imported from other countries. The cost of these inputs may fluctuate widely due to external conditions such as weather, product scarcity, limited sources of supply, commodity market fluctuations, currency fluctuations, and changes in governmental agricultural and energy policies and regulations. We have some long-term fixed price contracts, but the majority of our inputs are purchased on the open market. We believe that we will be able to obtain an adequate supply of needed inputs. Occasionally and where possible, we make advance purchases of items significant to our business in order to ensure continuity of operations. Our objective is to procure materials meeting both our quality standards and our production needs at price levels that allow a targeted profit margin. Since these inputs generally represent the largest variable cost in manufacturing our products, to the extent possible, we often manage the risk associated with adverse price movements for some inputs using a variety of risk management strategies. We also have a grain merchandising operation that provides us efficient access to, and more informed knowledge of, various commodity markets, principally wheat and oats. This operation holds physical inventories that are carried at fair market value and uses derivatives to manage its net inventory position and minimize its market exposures.

RESEARCH AND DEVELOPMENT

Our principal research and development facilities are located in Minneapolis, Minnesota. Our research and development resources are focused on new product development, product improvement, process design and improvement, packaging, and exploratory research in new business and technology areas. Research and development expenditures were $244 million in fiscal 2014, $238 million in fiscal 2013, and $245 million in fiscal 2012.

TRADEMARKS AND PATENTS

Our products are marketed under a variety of valuable trademarks. Some of the more important trademarks used in our global operations (set forth in italics in this report) include *Betty Crocker*, *Bisquick*, *Bugles*, *Cascadian Farm*, *Cheerios*, *Chex*, *Cinnamon Toast Crunch*, *Cocoa Puffs*, *Cookie Crisp*, *Fiber One*, *Food Should Taste Good*, *Fruit by the Foot*, *Fruit Gushers*, *Fruit Roll-Ups*, *Gardetto's*, *Go-Gurt*, *Gold Medal*, *Golden Grahams*, *Green Giant*, *Häagen-Dazs*, *Helpers*, *Jeno's*, *Jus-Rol*, *Kitano*, *Kix*, *La Salteña*, *Larabar*, *Latina*, *Liberté*, *Lucky Charms*, *Muir Glen*, *Nature Valley*, *Oatmeal Crisp*, *Old El Paso*, *Pillsbury*, *Progresso*, *Raisin Nut Bran*, *Total*, *Totinos*, *Trix*, *Wanchai Ferry*, *Wheaties*, *Yoki*, and *Yoplait*. We protect these marks as appropriate through registrations in the United States and other jurisdictions. Depending on the jurisdiction, trademarks are generally valid as long as they are in use or their registrations are properly maintained and they have not been found to have become generic. Registrations of trademarks can also generally be renewed indefinitely as long as the trademarks are in use.

Some of our products are marketed under or in combination with trademarks that have been licensed from others, including *Reese's Puffs* for cereal, *Hershey's* for a variety of products, *Weight Watchers* as an endorsement for yogurt, soup, and vegetable products, and *Cinnabon* for refrigerated dough, frozen pastries, and baking products. Our fruit snacks business uses a variety of licensed trademarks, including *Mott's*, *Ocean Spray*, *Minions*, *Sunkist*, *Scooby Doo*, *Batman*, *Tom and Jerry*, *Hello Kitty*, *Thomas the Tank Engine*, *My Little Pony*, and various Warner Bros. and Nickelodeon characters. Our yogurt business uses a variety of licensed trademarks, including various Disney, Warner Bros., and Nickelodeon characters.

Our cereal trademarks are licensed to CPW and may be used by CPW in association with the *Nestlé* trademark. Nestlé licenses certain of its trademarks to CPW, including the *Nestlé* and *Uncle Tobys* trademarks. The *Häagen-Dazs* trademark is licensed royalty-free exclusively to Nestlé for ice cream and other frozen dessert products in the United States and Canada. The *Häagen-Dazs* trademark is also licensed to HDJ. The J. M. Smucker Company holds an exclusive royalty-free license to use the *Pillsbury* brand and the *Pillsbury Doughboy* character in the dessert mix and baking mix categories in the United States and under limited circumstances in Canada and Mexico. The *Green Giant* trademark is licensed to a third party for use in connection with its sale of fresh produce in the United States and Europe.

The *Yoplait* trademark and other related trademarks are owned by Yoplait Marques SAS, an entity in which we own a 50 percent interest. These marks are licensed exclusively to Yoplait SAS, an entity in which we own a 51 percent interest. Yoplait SAS licenses these trademarks to its franchisees. The *Liberté* trademark and other related trademarks are owned by Liberté Marques, S.a.r.l., an entity in which we own a 50 percent interest.

We continue our focus on developing and marketing innovative, proprietary products. We consider the collective rights under our various patents, which expire from time to time, a valuable asset, but we do not believe that our businesses are materially dependent upon any single patent or group of related patents.

SEASONALITY

In general, demand for our products is evenly balanced throughout the year. However, within our U.S. Retail segment demand for refrigerated dough, frozen baked goods, and baking products is stronger in the fourth calendar quarter. Demand for *Progresso* soup and *Green Giant* canned and frozen vegetables is higher during the fall and winter months. Internationally, demand for *Häagen-Dazs* ice cream is higher during the summer months and demand for baking mix and dough products increases during winter months. Due to the offsetting impact of these demand trends, as well as the different seasons in the northern and southern hemispheres, our International segment net sales are generally evenly balanced throughout the year.

BACKLOG

Orders are generally filled within a few days of receipt and are subject to cancellation at any time prior to shipment. The backlog of any unfilled orders as of May 25, 2014, was not material.

WORKING CAPITAL

A description of our working capital is included in the Liquidity section of MD&A in Item 7 of this report. Our product return practices are described in Note 2 to the Consolidated Financial Statements in Item 8 of this report.

EMPLOYEES

As of May 25, 2014, we had approximately 43,000 full- and part-time employees.

FOOD QUALITY AND SAFETY REGULATION

The manufacture and sale of consumer food products is highly regulated. In the United States, our activities are subject to regulation by various federal government agencies, including the Food and Drug Administration, Department of Agriculture, Federal Trade Commission, Department of Commerce, and Environmental Protection Agency, as well as various state and local agencies. Our business is also regulated by similar agencies outside of the United States.

ENVIRONMENTAL MATTERS

As of May 25, 2014, we were involved with three active cleanup sites associated with the alleged or threatened release of hazardous substances or wastes located in: Sauget, Illinois; Minneapolis, Minnesota; and Moonachie, New Jersey. These matters involve several different actions, including administrative proceedings commenced by regulatory agencies and demand letters by regulatory agencies and private parties.

Our operations are subject to the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act, and the Federal Insecticide, Fungicide, and Rodenticide Act, and all similar state, local, and foreign environmental laws and regulations applicable to the jurisdictions in which we operate.

Based on current facts and circumstances, we believe that neither the results of our environmental proceedings nor our compliance in general with environmental laws or regulations will have a material adverse effect upon our capital expenditures, earnings, or competitive position.

EXECUTIVE OFFICERS

The section below provides information regarding our executive officers as of July 3, 2014:

Y. Marc Belton**,** age 55, is Executive Vice President, Global Strategy, Growth and Marketing Innovation. Mr. Belton joined General Mills in 1983 and has held various positions, including President of Snacks from 1994 to 1997, New Ventures from 1997 to 1999, and Big G cereals from 1999 to 2002. He had oversight responsibility for the Yoplait division, General Mills Canada, and New Business Development from 2002 to 2005, and has had oversight responsibility for Growth and Marketing Innovation since 2005 and Global Strategy since September 2010. Mr. Belton was elected a Vice President of General Mills in 1991, a Senior Vice President in 1994, and an Executive Vice President in 2006. He is a director of U.S. Bancorp.

John R. Church**,** age 48, is Executive Vice President, Supply Chain. Mr. Church joined General Mills in 1988 as a Product Developer in the Big G cereals division and held various positions before becoming Vice President, Engineering in 2003. In 2005, his role was expanded to include development of the company's strategy for the global sourcing of raw materials and manufacturing capabilities. He was named Vice President, Supply Chain Operations in 2007, Senior Vice President, Supply Chain in 2008, and to his present position in July 2013.

Michael L. Davis**,** age 58, is Executive Vice President, Human Resources. Mr. Davis joined General Mills in 1996 as Vice President, Compensation and Benefits, after spending 15 years in consulting with Towers Perrin. In 2002, his role was expanded to include staffing activities, and in 2005, he became Vice President, Human Resources for the U.S. Retail and Corporate groups. He was named Senior Vice President Global Human Resources in 2008, and he was appointed to his present position in October 2013. Mr. Davis is retiring in September 2014.

Peter C. Erickson**,** age 53, is Executive Vice President, Innovation, Technology and Quality. Mr. Erickson joined General Mills in 1994 as part of the Colombo yogurt acquisition. He has held various positions in Research & Development and became Vice President, Innovation, Technology and Quality in 2003 and Senior Vice President, Innovation, Technology and Quality in 2006. He was named to his present position in July 2013.

Jeffrey L. Harmening, age 47, is Executive Vice President, Chief Operating Officer, U. S. Retail. Mr. Harmening joined General Mills in 1994 and served in various marketing roles in the Betty Crocker, Yoplait, and Big G cereal divisions. He was promoted to Marketing Director in 2000 and held leadership roles in Big G New Enterprises and Foodservice New Business. He was named Vice President, Marketing for CPW in 2003 and a Vice President of the Big G cereal division in 2004. In 2011, he was promoted to Senior Vice President for the Big G cereal division. Mr. Harmening was appointed Senior Vice President, Chief Executive Officer of CPW in 2012, and he was named to his present position in May 2014.

Donal L. Mulligan**,** age 53, is Executive Vice President, Chief Financial Officer. Mr. Mulligan joined General Mills in 2001 from The Pillsbury Company. He served as Vice President, Financial Operations for our International division until 2004, when he was named Vice President, Financial Operations for Operations and Technology. Mr. Mulligan was appointed Treasurer of General Mills in 2006, Senior Vice President, Financial Operations in July 2007, and was elected to his present position in August 2007. From 1987 to 1998, he held several international positions at PepsiCo, Inc. and YUM! Brands, Inc. Mr. Mulligan is a director of Tennant Company.

Kimberly A. Nelson, age 51, is Senior Vice President, External Relations, and President of the General Mills Foundation. Ms. Nelson joined General Mills in 1988 and has held marketing leadership roles in the Big G cereal, Snacks, and Meals divisions. She was elected Vice President, President, Snacks in 2004, Senior Vice President, President, Snacks in 2008, and Senior Vice President, External Relations in September 2010. She was named President of the General Mills Foundation in May 2011.

Shawn P. O'Grady**,** age 50, is Senior Vice President, President, Sales & Channel Development. Mr. O'Grady joined General Mills in 1990 and held several marketing roles in the Snacks, Meals and Big G cereal divisions. He was promoted to Vice President in 1998 and held marketing positions in the Betty Crocker and Pillsbury USA divisions. In 2004, he moved into Consumer Foods Sales, becoming Vice President, President, U.S. Retail Sales in 2007, and Senior Vice President, President, Consumer Foods Sales Division in May 2010. He was promoted to his current position in June 2012.

Christopher D. O'Leary**,** age 54, is Executive Vice President and Chief Operating Officer, International. Mr. O'Leary joined General Mills in 1997 as Vice President, Corporate Growth. He was elected a Senior Vice President in 1999 and President of the Meals division in 2001. Mr. O'Leary was named to his present position in 2006. Prior to joining General Mills, he spent 17 years at PepsiCo, Inc., last serving as President and Chief Executive Officer of the Hostess Frito-Lay business in Canada. Mr. O'Leary is a director of Telephone and Data Systems, Inc.

Roderick A. Palmore**,** age 62, is Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer, and Secretary. Mr. Palmore joined General Mills in this position in 2008 from the Sara Lee Corporation, a consumer foods and products company. He spent 12 years at Sara Lee, last serving as Executive Vice President and General Counsel since 2004. Mr. Palmore is a director of CBOE Holdings, Inc. and The Goodyear Tire & Rubber Company. Mr. Palmore is retiring in February 2015.

***Kendall J. Powell*,** age 60, 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 the Yoplait division 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 CPW. 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 2006, Chief Executive Officer in 2007, and Chairman of the Board in 2008. He is a director of Medtronic, Inc.

***Jerald A. Young*,** age 57, is Vice President, Controller. Mr. Young joined General Mills in 1992 and held several finance roles within the Pillsbury division before he was appointed Vice President of Finance for the Convenience Stores and Foodservice Division in 2000. Mr. Young was subsequently appointed Vice President Internal Audit in 2005 and Vice President, Supply Chain in 2008. He was named to his present position in August 2011.

WEBSITE ACCESS

Our website is *www.generalmills.com.* We make available, free of charge in the "Investors" portion of this website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (1934 Act) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Reports of beneficial ownership filed pursuant to Section 16(a) of the 1934 Act are also available on our website.

ITEM 1A Risk Factors

Our business is subject to various risks and uncertainties. Any of the risks described below could materially adversely affect our business, financial condition, and results of operations.

The food categories in which we participate are very competitive, and if we are not able to compete effectively, our results of operations could be adversely affected.

The food categories in which we participate are very competitive. Our principal competitors in these categories all have substantial financial, marketing, and other resources. In most product categories, we compete not only with other widely advertised branded products, but also with generic and private label products that are generally sold at lower prices. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, and the ability to identify and satisfy consumer preferences. If our large competitors were to seek an advantage through pricing or promotional changes, we could choose to do the same, which could adversely affect our margins and profitability. If we did not do the same, our revenues and market share could be adversely affected. Our market share and revenue growth could also be adversely impacted if we are not successful in introducing innovative products in response to changing consumer demands or by new product introductions of our competitors. If we are unable to build and sustain brand equity by offering recognizably superior product quality, we may be unable to maintain premium pricing over generic and private label products.

We may be unable to maintain our profit margins in the face of a consolidating retail environment.

There has been significant consolidation in the grocery industry, resulting in customers with increased purchasing power. In addition, large retail customers may seek to use their position to improve their profitability through improved efficiency, lower pricing, increased reliance on their own brand name products, increased emphasis on generic and other economy brands, and increased promotional programs. If we are unable to use our scale, marketing expertise, product innovation, knowledge of consumers' needs, and category leadership positions to respond to these demands, our profitability and volume growth could be negatively impacted. In addition, the loss of any large customer for an extended length of time could adversely affect our sales and profits. For more information on significant customers, please see Company Overview in Item 1 of this report.

Price changes for the commodities we depend on for raw materials, packaging, and energy may adversely affect our profitability.

The principal raw materials that we use are commodities that experience price volatility caused by external conditions such as weather, product scarcity, limited sources of supply, commodity market fluctuations, currency fluctuations, and changes in governmental agricultural and energy policies and regulations. Commodity price changes may result in unexpected increases in raw material, packaging, and energy costs. If we are unable to increase productivity to offset these increased costs or increase our prices, we may experience reduced margins and profitability. We do not fully hedge against changes in commodity prices, and the risk management procedures that we do use may not always work as we intend.

Volatility in the market value of derivatives we use to manage exposures to fluctuations in commodity prices will cause volatility in our gross margins and net earnings.

We utilize derivatives to manage price risk for some of our principal ingredient and energy costs, including grains (oats, wheat, and corn), oils (principally soybean), dairy products, natural gas, and diesel fuel. Changes in the values of these derivatives are recorded in earnings currently, resulting in volatility in both gross margin and net earnings. These gains and losses are reported in cost of sales in our Consolidated Statements of Earnings and in unallocated corporate items in our segment operating results until we utilize the underlying input in our manufacturing process, at which time the gains and losses are reclassified to segment operating profit. We also record our grain inventories at fair value. We may experience volatile earnings as a result of these accounting treatments.

If we are not efficient in our production, our profitability could suffer as a result of the highly competitive environment in which we operate.

Our future success and earnings growth depend in part on our ability to be efficient in the production and manufacture of our products in highly competitive markets. Gaining additional efficiencies may become more difficult over time. Our failure to reduce costs through productivity gains or by eliminating redundant costs resulting from acquisitions could adversely affect our profitability and weaken our competitive position. Many productivity initiatives involve complex reorganization of manufacturing facilities and production lines. Such manufacturing realignment may result in the interruption of production, which may negatively impact product volume and margins.

Disruption of our supply chain could adversely affect our business.

Our ability to make, move, and sell products is critical to our success. Damage or disruption to raw material supplies or our manufacturing or distribution capabilities due to weather, including any potential effects of climate change, natural disaster, fire, terrorism, pandemic, strikes, import restrictions, or other factors could impair our ability to manufacture or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single supplier or location, could adversely affect our business and results of operations, as well as require additional resources to restore our supply chain.

Concerns with the safety and quality of food products could cause consumers to avoid certain food products or ingredients.

We could be adversely affected if consumers in our principal markets lose confidence in the safety and quality of certain food products or ingredients. Adverse publicity about these types of concerns, whether or not valid, may discourage consumers from buying our products or cause production and delivery disruptions.

If our food products become adulterated, misbranded, or mislabeled, we might need to recall those items and may experience product liability claims if consumers are injured.

We may need to recall some of our products if they become adulterated, misbranded, or mislabeled. A widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. We could also suffer losses from a significant product liability judgment against us. A significant product recall or product liability case could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have an adverse effect on our business results and the value of our brands.

We may be unable to anticipate changes in consumer preferences and trends, which may result in decreased demand for our products.

Our success depends in part on our ability to anticipate the tastes and eating habits of consumers and to offer products that appeal to their preferences. Consumer preferences and category-level consumption may change from time to time and can be affected by a number of different trends and other factors. If we fail to anticipate, identify or react to these changes and trends, or to introduce new and improved products on a timely basis, we may experience reduced demand for our products, which would in turn cause our revenues and profitability to suffer. Similarly, demand for our products could be affected by consumer concerns regarding the health effects of ingredients such as sodium, trans fats, genetically modified organisms, sugar, processed wheat, or other product ingredients or attributes.

We may be unable to grow our market share or add products that are in faster growing and more profitable categories.

The food industry's growth potential is constrained by population growth. Our success depends in part on our ability to grow our business faster than populations are growing in the markets that we serve. One way to achieve that growth is to enhance our portfolio by adding innovative new products in faster growing and more profitable categories. Our future results will also depend on our ability to increase market share in our existing product categories. If we do not succeed in developing innovative products for new and existing categories, our growth may slow, which could adversely affect our profitability.

Economic downturns could limit consumer demand for our products.

The willingness of consumers to purchase our products depends in part on local economic conditions. In periods of economic uncertainty, consumers may purchase more generic, private label, and other economy brands and may forego certain purchases altogether. In those circumstances, we could experience a reduction in sales of higher margin products or a shift in our product mix to lower margin offerings. In addition, as a result of economic conditions or competitive actions, we may be unable to raise our prices sufficiently to protect margins. Consumers may also reduce the amount of food that they consume away from home at customers that purchase products from our Convenience Stores and Foodservice segment. Any of these events could have an adverse effect on our results of operations.

Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands.

Maintaining and continually enhancing the value of our many iconic brands is critical to the success of our business. The value of our brands is based in large part on the degree to which consumers react and respond positively to these brands. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences, concerns about food safety, or our products becoming unavailable to consumers. The growing use of social and digital media by consumers, us, and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about us, our brands, or our products on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our business results could be negatively impacted.

Our international operations are subject to political and economic risks.

In fiscal 2014, 30 percent of our consolidated net sales were generated outside of the United States. We are accordingly subject to a number of risks relating to doing business internationally, any of which could significantly harm our business. These risks include:

- political and economic instability;
- exchange controls and currency exchange rates;
- nationalization of operations;
- compliance with anti-corruption regulations;
- foreign tax treaties and policies; and
- restriction on the transfer of funds to and from foreign countries, including potentially negative tax consequences.

Our financial performance on a U.S. dollar denominated basis is subject to fluctuations in currency exchange rates. These fluctuations could cause material variations in our results of operations. Our principal exposures are to the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, euro, Japanese yen, Mexican peso, and Swiss franc. From time to time, we enter into agreements that are intended to reduce the effects of our exposure to currency fluctuations, but these agreements may not be effective in significantly reducing our exposure.

New regulations or regulatory-based claims could adversely affect our business.

Our facilities and products are subject to many laws and regulations administered by the United States Department of Agriculture, the Federal Food and Drug Administration, the Occupational Safety and Health Administration, and other federal, state, local, and foreign governmental agencies relating to the production, packaging, storage, distribution, quality, and safety of food products, the health and safety of our employees, and the protection of the environment. Our failure to comply with such laws and regulations could subject us to lawsuits, administrative penalties, and civil remedies, including fines, injunctions, and recalls of our products. We advertise our products and could be the target of claims relating to alleged false or deceptive advertising under federal, state, and foreign laws and regulations. We may also be subject to new laws or regulations restricting our right to advertise our products, including proposals to limit advertising to children. Changes in laws or regulations that impose additional regulatory requirements on us could increase our cost of doing business or restrict our actions, causing our results of operations to be adversely affected.

We have a substantial amount of indebtedness, which could limit financing and other options and in some cases adversely affect our ability to pay dividends.

As of May 25, 2014, we had total debt, redeemable interests, and noncontrolling interests of $10.2 billion. The agreements under which we have issued indebtedness do not prevent us from incurring additional unsecured indebtedness in the future. Our level of indebtedness may limit our:

- ability to obtain additional financing for working capital, capital expenditures, or general corporate purposes, particularly if the ratings assigned to our debt securities by rating organizations were revised downward; and
- flexibility to adjust to changing business and market conditions and may make us more vulnerable to a downturn in general economic conditions.

There are various financial covenants and other restrictions in our debt instruments and noncontrolling interests. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity and our ability to obtain additional or alternative financing may also be adversely affected.

Our ability to make scheduled payments on or to refinance our debt and other obligations will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business, and other factors beyond our control.

Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing, and disrupt the operations of our suppliers and customers.

We depend on stable, liquid, and well-functioning capital and credit markets to fund our operations. Although we believe that our operating cash flows, financial assets, access to capital and credit markets, and revolving-credit agreements will permit us to meet our financing needs for the foreseeable future, there can be no assurance that future volatility or disruption in the capital and credit markets will not impair our liquidity or increase our costs of borrowing. Our business could also be negatively impacted if our suppliers or customers experience disruptions resulting from tighter capital and credit markets or a slowdown in the general economy.

Volatility in the securities markets, interest rates, and other factors could substantially increase our defined benefit pension, other postretirement benefit, and postemployment benefit costs.

We sponsor a number of defined benefit plans for employees in the United States, Canada, and various foreign locations, including defined benefit pension, retiree health and welfare, severance, and other postemployment plans. Our major defined benefit pension plans are funded with trust assets invested in a globally diversified portfolio of securities and other investments. Changes in interest rates, mortality rates, health care costs, early retirement rates, investment returns, and the market value of plan assets can affect the funded status of our defined benefit plans and cause volatility in the net periodic benefit cost and future funding requirements of the plans. A significant increase in our obligations or future funding requirements could have a negative impact on our results of operations and cash flows from operations.

Our business operations could be disrupted if our information technology systems fail to perform adequately or are breached.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, security breaches, telecommunications failures, computer viruses, hackers, and other security issues. Any such damage or interruption could have a material adverse effect on our business.

If other potentially responsible parties (PRPs) are unable to contribute to remediation costs at certain contaminated sites, our costs for remediation could be material.

We are subject to various federal, state, local, and foreign environmental and health and safety laws and regulations. Under certain of these laws, namely the Comprehensive Environmental Response, Compensation, and Liability Act and its state counterparts, liability for investigation and remediation of hazardous substance contamination at currently or formerly owned or operated facilities or at third-party waste disposal sites is joint and several. We currently are involved in active remediation efforts at certain sites where we have been named a PRP. If other PRPs at these sites are unable to contribute to remediation costs, we could be held responsible for their portion of the remediation costs, and those costs could be material. We cannot assure that our costs in relation to these environmental matters or compliance with environmental laws in general will not exceed our established liabilities or otherwise have an adverse effect on our business and results of operations.

A change in the assumptions regarding the future performance of our businesses or a different weighted-average cost of capital used to value our reporting units or our indefinite-lived intangible assets could negatively affect our consolidated results of operations and net worth.

Goodwill for each of our reporting units is tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. We compare the carrying value of the net assets of a reporting unit, including goodwill, to the fair value of the unit. If the fair value of the net assets of the reporting unit is less than the net assets including goodwill, impairment has occurred. Our estimates of fair value are determined based on a discounted cash flow model. Growth rates for sales and profits are determined using inputs from our long-range planning process. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors. While we currently believe that our goodwill is not impaired, different assumptions regarding the future performance of our businesses could result in significant impairment losses.

We evaluate the useful lives of our intangible assets, primarily intangible assets associated with the *Pillsbury*, *Totino's*, *Progresso*, *Green Giant*, *Yoplait*, *Old El Paso*, *Yoki*, and *Häagen-Dazs* brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

Our indefinite-lived intangible assets are also tested for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Our estimate of the fair value of the brands is based on a discounted cash flow model using inputs including projected revenues from our long-range plan, assumed royalty rates which could be payable if we did not own the brands, and a discount rate.

As of May 25, 2014, we had $13.1 billion of goodwill and indefinite-lived intangible assets. Our Europe and Yoplait U.S. reporting units and *Uncle Toby's* and *Mountain High* brands have experienced declining business performance and we will continue to monitor those businesses. While we currently believe that the fair value of each intangible exceeds its carrying value and that those intangibles so classified will contribute indefinitely to our cash flows, different assumptions regarding future performance of our businesses or a different weighted-average cost of capital could result in significant impairment losses and amortization expense. For further information on goodwill and intangible assets, please refer to Note 6 to the Consolidated Financial Statements in Item 8 of this report.

Our failure to successfully integrate acquisitions into our existing operations could adversely affect our financial results.

From time to time, we evaluate potential acquisitions or joint ventures that would further our strategic objectives. Our success depends, in part, upon our ability to integrate acquired and existing operations. If we are unable to successfully integrate acquisitions, our financial results could suffer. Additional potential risks associated with acquisitions include additional debt leverage, the loss of key employees and customers of the acquired business, the assumption of unknown liabilities, the inherent risk associated with entering a geographic area or line of business in which we have no or limited prior experience, failure to achieve anticipated synergies, and the impairment of goodwill or other acquisition-related intangible assets.

ITEM 1B Unresolved Staff Comments

None.

ITEM 2 Properties

We own our principal executive offices and main research facilities, which are located in the Minneapolis, Minnesota metropolitan area. We operate numerous manufacturing facilities and maintain many sales and administrative offices, warehouses, and distribution centers around the world.

As of May 25, 2014, we operated 65 facilities for the production of a wide variety of food products. Of these facilities, 30 are located in the United States (2 of which are leased), 9 in the Asia/Pacific region (4 of which are leased), 5 in Canada (3 of which are leased), 8 in Europe (2 of which are leased), 12 in Latin America and Mexico (1 of which is leased), and 1 in South Africa. The following is a list of the locations of our principal production facilities, which primarily support the segment noted:

U.S. Retail

- Carson, California
- Lodi, California
- Covington, Georgia
- Belvidere, Illinois
- West Chicago, Illinois
- New Albany, Indiana
- Cedar Rapids, Iowa
- Methuen, Massachusetts
- Irapuato, Mexico
- Reed City, Michigan
- Fridley, Minnesota
- Hannibal, Missouri
- Vineland, New Jersey
- Albuquerque, New Mexico
- Buffalo, New York
- Wellston, Ohio
- Murfreesboro, Tennessee

International

- Mt. Waverly, Australia
- Rooty Hill, Australia
- Bernardo do Campo, Brazil
- Cambara, Brazil
- Pouso Alegre, Brazil
- St. Hyacinthe, Canada
- Guangzhou, China
- Sanhe, China
- Shanghai, China
- Arras, France
- Labatut, France
- Le Mans, France
- Moneteau, France
- Vienne, France
- San Adrian, Spain

Convenience Stores and Foodservice

- Chanhassen, Minnesota
- Joplin, Missouri
- Martel, Ohio

We operate numerous grain elevators in the United States in support of our domestic manufacturing activities. We also utilize approximately 11 million square feet of warehouse and distribution space, nearly all of which is leased, that primarily supports our U.S. Retail segment. We own and lease a number of dedicated sales and administrative offices around the world, totaling approximately 3 million square feet. We have additional warehouse, distribution, and office space in our plant locations.

As part of our Häagen-Dazs business in our International segment, we operate 407 (all leased) and franchise 344 branded ice cream parlors in various countries around the world, all outside of the United States and Canada.

ITEM 3 Legal Proceedings

We are the subject of various pending or threatened legal actions in the ordinary course of our business. All such matters are subject to many uncertainties and outcomes that are not predictable with assurance. In our opinion, there were no claims or litigation pending as of May 25, 2014, that were reasonably likely to have a material adverse effect on our consolidated financial position or results of operations. See the information contained under the section entitled “Environmental Matters” in Item 1 of this report for a discussion of environmental matters in which we are involved.

ITEM 4 Mine Safety Disclosures

None.

PART II

ITEM 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "GIS." On June 13, 2014, there were approximately 33,000 record holders of our common stock. Information regarding the market prices for our common stock and dividend payments for the two most recent fiscal years is set forth in Note 18 to the Consolidated Financial Statements in Item 8 of this report.

The following table sets forth information with respect to shares of our common stock that we purchased during the fiscal quarter ended May 25, 2014:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (b)	Maximum Number of Shares that may yet be Purchased Under the Program (b)
February 24, 2014- March 30, 2014	3,196,747	$50.35	3,196,747	16,918,728
March 31, 2014- April 27, 2014	3,319,820	52.19	3,319,820	13,598,908
April 28, 2014 May 25, 2014	150,235	52.30	150,235	100,000,000
Total	6,666,802	$51.31	6,666,802	100,000,000

(a) The total number of shares purchased includes shares of common stock withheld for the payment of withholding taxes upon the distribution of deferred option units.

(b) On June 28, 2010, our Board of Directors approved an authorization for the repurchase of up to 100,000,000 shares of our common stock. On May 6, 2014, our Board of Directors approved a new authorization for the repurchase of up to 100,000,000 shares of our common stock and terminated the June 2010 authorization. Purchases can be made in the open market or in privately negotiated transactions, including the use of call options and other derivative instruments, Rule 10b5-1 trading plans, and accelerated repurchase programs. The Board did not specify an expiration date for the authorization.

ITEM 6 Selected Financial Data

The following table sets forth selected financial data for each of the fiscal years in the five-year period ended May 25, 2014:

	Fiscal Year				
In Millions, Except Per Share Data, Percentages and Ratios	**2014**	2013	2012	2011	2010
Operating data:					
Net sales	**$17,909.6**	$17,774.1	$16,657.9	$14,880.2	$14,635.6
Gross margin (a)	**6,369.8**	6,423.9	6,044.7	5,953.5	5,800.2
Selling, general, and administrative expenses	**3,474.3**	3,552.3	3,380.7	3,192.0	3,162.7
Total segment operating profit excluding Venezuela currency devaluation (b)	**3,153.9**	3,222.9	3,011.6	2,945.6	2,854.5
Net earnings attributable to General Mills	**1,824.4**	1,855.2	1,567.3	1,798.3	1,530.5
Advertising and media expense	**869.5**	895.0	913.7	843.7	908.5
Research and development expense	**243.6**	237.9	245.4	235.0	218.3
Average shares outstanding:					
Diluted	**645.7**	665.6	666.7	664.8	683.3
Earnings per share:					
Diluted	**$ 2.83**	$ 2.79	$ 2.35	$ 2.70	$ 2.24
Diluted, excluding certain items affecting comparability (b)	**$ 2.82**	$ 2.72	$ 2.56	$ 2.48	$ 2.31
Operating ratios:					
Gross margin as a percentage of net sales	**35.6%**	36.1%	36.3%	40.0%	39.6%
Selling, general, and administrative expenses as a percentage of net sales	**19.4%**	20.0%	20.3%	21.5%	21.6%
Total segment operating profit excluding Venezuela currency devaluation as a percentage of net sales (b)	**17.6%**	18.1%	18.1%	19.8%	19.5%
Effective income tax rate	**33.3%**	29.2%	32.1%	29.7%	35.0%
Return on average total capital (a) (b)	**11.6%**	12.0%	12.7%	13.7%	13.9%
Balance sheet data:					
Land, buildings, and equipment	**$ 3,941.9**	$ 3,878.1	$ 3,652.7	$ 3,345.9	$ 3,127.7
Total assets	**23,145.7**	22,658.0	21,096.8	18,674.5	17,678.9
Long-term debt, excluding current portion	**6,423.5**	5,926.1	6,161.9	5,542.5	5,268.5
Total debt (a)	**8,785.8**	7,969.1	7,429.6	6,885.1	6,425.9
Cash flow data:					
Net cash provided by operating activities	**$ 2,541.0**	$ 2,926.0	$ 2,407.2	$ 1,531.1	$ 2,185.1
Capital expenditures	**663.5**	613.9	675.9	648.8	649.9
Fixed charge coverage ratio (a)	**8.04**	7.62	6.26	7.03	6.42
Operating cash flow to debt ratio (a)	**28.9%**	36.7%	32.4%	22.2%	34.0%
Share data:					
Low stock price	**$ 46.86**	$ 37.55	$ 34.95	$ 33.57	$ 25.59
High stock price	**54.40**	50.93	41.05	39.95	36.96
Closing stock price	**53.81**	48.98	39.08	39.29	35.62
Cash dividends per common share	**1.55**	1.32	1.22	1.12	0.96

(a) See Glossary in Item 8 of this report for definition.

(b) See Non-GAAP Measures in Item 7 of this report for our discussion of this measure not defined by generally accepted accounting principles.

ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE OVERVIEW

We are a global consumer foods company. We develop distinctive value-added food products and market them under unique brand names. We work continuously to improve our established products and to create new products that meet consumers' evolving needs and preferences. In addition, we build the equity of our brands over time with strong consumer-directed marketing, innovative new products, and effective merchandising. We believe our brand-building strategy is the key to winning and sustaining leading share positions in markets around the globe.

Our fundamental financial goal is to generate superior returns for our stockholders over the long term. We believe that increases in net sales, segment operating profit, earnings per share (EPS), and return on average total capital are the key drivers of financial performance for our business.

Our specific growth objectives are to consistently deliver:

- low single-digit annual growth in net sales;
- mid single-digit annual growth in total segment operating profit excluding Venezuela currency devaluation;
- high single-digit annual growth in diluted EPS excluding certain items affecting comparability; and
- improvement in return on average total capital.

We believe that this financial performance, coupled with an attractive dividend yield, should result in long-term value creation for stockholders. We return a substantial amount of cash to stockholders through share repurchases and dividends.

Fiscal 2014 was a challenging year, as developed markets continued to experience weak consumer trends and quite low category growth. The cereal category in developed markets was soft and the global yogurt category was impacted by significant dairy inflation. For the fiscal year ended May 25, 2014, our net sales grew 1 percent and total segment operating profit excluding Venezuela currency devaluation of $3,154 million declined 2 percent from $3,223 million last year. Our return on average total capital declined by 40 basis points, as fiscal 2014 earnings did not grow in line with our capital base. Diluted EPS grew 1 percent and diluted EPS excluding certain items affecting comparability increased 4 percent (See the "Non-GAAP Measures" section below for discussion of total segment operating profit excluding Venezuela currency devaluation, diluted EPS excluding certain items affecting comparability and return on average total capital, which are not defined by generally accepted accounting principles (GAAP)). Net cash provided by operations totaled $2.5 billion in fiscal 2014, enabling us to increase our annual dividend payments per share by 17 percent from fiscal 2013. We also made significant capital investments totaling $664 million in fiscal 2014 and repurchased $1.7 billion of shares of common stock.

We achieved the following related to our key operating objectives for fiscal 2014:

- We delivered a strong line-up of consumer marketing, merchandising, and innovation to support our leading brands and continued to build our global platforms in markets around the world.
- We returned $2.7 billion to stockholders in fiscal 2014, including a 17 percent dividend increase and 47 percent more shares of common stock repurchased that resulted in a 3 percent net reduction in average shares outstanding.
- While we exercised good administrative cost control, executed strong holistic margin management (HMM) efforts, increased share repurchases and had favorable interest expense, net sales and segment operating profit excluding Venezuela currency devaluation performance were below our targets. We achieved 1 percent growth in net sales, primarily contributions from new businesses added in fiscal 2013. Total segment operating profit excluding Venezuela currency devaluation declined 2 percent and diluted EPS excluding certain items affecting comparability increased 4 percent.

Details of our financial results are provided in the "Fiscal 2014 Consolidated Results of Operations" section below.

In fiscal 2015, we expect to generate constant currency growth consistent with our long-term model, including the effects of a 53 week year:

- We are targeting mid single-digit growth in constant currency net sales, primarily driven by volume growth and a 53rd week, with double-digit growth in emerging markets and low single-digit growth in developed markets.

- We expect to grow share in the U.S. cereal category through significant product innovation, build on our improving performance in the U.S. yogurt category, and continue our strong growth in the snack category around the world.

- We are targeting mid single-digit growth in total constant currency segment operating profit in fiscal 2015. We continue to view our HMM discipline of cost savings and mix management as a competitive advantage. Cost of sales HMM is expected to offset anticipated input cost inflation of 3 percent.

- We are targeting high single-digit growth in constant currency diluted EPS excluding certain items affecting comparability.

- We expect to deliver strong cash returns to stockholders in fiscal 2015, including annualized dividends per share of $1.64 and share repurchases that are expected to result in a net reduction in shares outstanding of at least 3 percent.

- Our businesses generate strong levels of cash flows, and we will use some of this cash to reinvest in our business. Our fiscal 2015 plans call for approximately $730 million of expenditures for capital projects.

Certain terms used throughout this report are defined in a glossary in Item 8 of this report.

FISCAL 2014 CONSOLIDATED RESULTS OF OPERATIONS

Our consolidated results for fiscal 2014 include one additional quarter of operating activity from the acquisition of Yoki Alimentos S.A. (Yoki) in Brazil, one additional quarter of operating activity from the assumption of the Canadian Yoplait franchise license, and three additional quarters of operating activity from the acquisition of Immaculate Baking Company in the United States. Collectively, these items are referred to as “new businesses” in comparing our fiscal 2014 results to fiscal 2013.

Fiscal 2014 net sales grew 1 percent to $17,910 million including 1 percentage point of growth contributed by new businesses. Excluding new businesses, net sales grew 1 percent, offset by 1 percentage point of unfavorable foreign currency exchange. In fiscal 2014, **net earnings attributable to General Mills** were $1,824 million, down 2 percent from $1,855 million in fiscal 2013, and we reported **diluted EPS** of $2.83 in fiscal 2014, up 1 percent from $2.79 in fiscal 2013. Fiscal 2014 results include a gain on the divestiture of certain grain elevators, the impact of Venezuela currency devaluation, gains from the mark-to-market valuation of certain commodity positions and grain inventories, and restructuring charges related to our fiscal 2012 productivity and cost savings plan. Fiscal 2013 results include the effects from various discrete tax items, the impact of Venezuela currency devaluation, restructuring charges related to our fiscal 2012 productivity and cost savings plan, integration costs resulting from the acquisition of Yoki, and gains from the mark-to-market valuation of certain commodity positions and grain inventories. Diluted EPS excluding these items affecting comparability totaled $2.82 in fiscal 2014, up 4 percent from $2.72 in fiscal 2013 (see the “Non-GAAP Measures” section below for a description of our use of this measure and our discussion of the items affecting comparability).

The components of net sales growth are shown in the following table:

Components of Net Sales Growth

	Fiscal 2014 vs. 2013
Contributions from volume growth (a)	**1 pt**
Net price realization and mix	**1 pt**
Foreign currency exchange	**(1) pt**
Net sales growth	**1 pt**

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

Net sales grew 1 percent in fiscal 2014 driven by an 1 percentage point increase in contributions from volume growth, including 2 percentage points of contribution from volume growth due to new businesses. Favorable net price realization and mix contributed 1 percentage point of growth, and unfavorable foreign currency exchange decreased net sales growth by 1 percentage point.

Cost of sales increased $190 million in fiscal 2014 to $11,540 million. Higher volume drove an $115 million increase in cost of sales. Product mix also drove an $130 million increase in cost of sales. In fiscal 2014, we recorded a $49 million net decrease in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories as described in Note 7 to the Consolidated Financial Statements in Item 8 of this report, compared to a net decrease of $4 million in fiscal 2013. We also recorded a $23 million foreign exchange loss in fiscal 2014 related to the Venezuela currency devaluation compared to a $16 million loss in fiscal 2013. In fiscal 2013, we also recorded a $17 million non-recurring expense related to the assumption of the Canadian Yoplait franchise license.

Gross margin declined 1 percent in fiscal 2014 versus fiscal 2013. Gross margin as a percent of net sales of 36 percent was relatively flat compared to fiscal 2013.

Selling, general and administrative (SG&A) expenses decreased $78 million in fiscal 2014 versus fiscal 2013. The decrease in SG&A expenses was primarily driven by a 3 percent decrease in advertising and media expense, a smaller contribution to the General Mills Foundation, a decrease in incentive compensation expense and lower pension expense compared to fiscal 2013. In fiscal 2014, we recorded a $39 million charge related to Venezuela currency devaluation compared to a $9 million charge in fiscal 2013. In addition, we recorded $12 million of integration costs in fiscal 2013 related to our acquisition of Yoki. SG&A expenses as a percent of net sales decreased 1 percent compared to fiscal 2013.

Restructuring, impairment, and other exit costs totaled $4 million in fiscal 2014. The restructuring charge related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012. These restructuring actions were completed in fiscal 2014. In fiscal 2014, we paid $22 million in cash related to restructuring actions.

During fiscal 2014, we recorded a **divestiture gain** of $66 million related to the sale of certain grain elevators in our U.S. Retail segment. There were no divestitures in fiscal 2013.

Interest, net for fiscal 2014 totaled $302 million, $15 million lower than fiscal 2013. The average interest rate decreased 41 basis points, including the effect of the mix of debt, generating a $31 million decrease in net interest. Average interest bearing instruments increased $367 million, generating a $16 million increase in net interest.

Our consolidated **effective tax rate** for fiscal 2014 was 33.3 percent compared to 29.2 percent in fiscal 2013. The 4.1 percentage point increase was primarily related to the restructuring of our General Mills Cereals, LLC (GMC) subsidiary during the first quarter of 2013 which resulted in a $63 million decrease to deferred income tax liabilities related to the tax basis of the investment in GMC and certain distributed assets, with a corresponding non-cash reduction to income taxes. During fiscal 2013, we also recorded a $34 million discrete decrease in income tax expense and an increase in our deferred tax assets related to certain actions taken to restore part of the tax benefits associated with Medicare Part D subsidies which had previously been reduced in fiscal 2010 with the enactment of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Our fiscal 2013 tax expense also includes a $12 million charge associated with the liquidation of a corporate investment.

After-tax earnings from joint ventures for fiscal 2014 decreased to $90 million compared to $99 million in fiscal 2013 primarily driven by increased consumer spending at Cereal Partners Worldwide (CPW) and unfavorable foreign currency exchange from Häagen-Dazs Japan, Inc. (HDJ).

The change in net sales for each joint venture is set forth in the following table:

Joint Venture Change in Net Sales

	As Reported Fiscal 2014 vs. 2013	Constant Currency Basis Fiscal 2014 vs. 2013
CPW	(1)%	Flat
HDJ	(8)	9 %
Joint Ventures	(2)%	2 %

In fiscal 2014, CPW net sales declined by 1 percentage point due to unfavorable foreign currency exchange. Contribution from volume growth was flat compared to fiscal 2013. In fiscal 2014, net sales for HDJ decreased 8 percentage points from fiscal 2013 as 11 percentage points of contributions from volume growth was offset by 17 percentage points of net sales decline from unfavorable foreign currency exchange and 2 percentage points of net sales decline attributable to unfavorable net price realization and mix.

Average diluted shares outstanding decreased by 20 million in fiscal 2014 from fiscal 2013 due primarily to the repurchase of 36 million shares, partially offset by the issuance of 7 million shares related to stock compensation plans.

FISCAL 2014 CONSOLIDATED BALANCE SHEET ANALYSIS

Cash and cash equivalents increased $126 million from fiscal 2013.

Receivables increased $37 million from fiscal 2013 primarily driven by timing of sales.

Inventories increased $14 million from fiscal 2013.

Prepaid expenses and other current assets decreased $29 million from fiscal 2013, mainly due to a decrease in other receivables related to the liquidation of a corporate investment.

Land, buildings, and equipment increased $64 million from fiscal 2013, as $664 million of capital expenditures were partially offset by depreciation expense of $585 million.

Goodwill and other intangible assets increased $27 million from fiscal 2013, primarily due to foreign exchange.

Other assets increased $302 million from fiscal 2013, primarily related to favorable investment returns on pension plan assets.

Accounts payable increased $188 million from fiscal 2013, primarily due to the extension of payment terms.

Notes payable and **long-term debt,** including **current portion,** increased $817 million from fiscal 2013 primarily due to $228 million of net long-term debt issuances and $573 million of net commercial paper issuances.

The current and noncurrent portions of net **deferred income taxes liability** increased $331 million from fiscal 2013 primarily as a result of changes in the funded status of our defined benefit postretirement plans which were recognized through accumulated other comprehensive income (AOCI).

Other current liabilities decreased $378 million from fiscal 2013, primarily driven by dividends declared in the fourth quarter of fiscal 2013 that were paid in the first quarter of fiscal 2014.

Other liabilities decreased $310 million from fiscal 2013, primarily driven by a decrease in pension, postemployment, and postretirement liabilities.

Redeemable interest increased $17 million from fiscal 2013.

Retained earnings increased $1,085 million from fiscal 2013, reflecting fiscal 2014 net earnings of $1,824 million less dividends declared of $740 million. **Treasury stock** increased $1,532 million from fiscal 2013, due to $1,775 million of share repurchases, partially offset by $243 million related to stock-based compensation plans. **Additional paid in capital** increased $65 million from fiscal 2013, including $30 million related to the settlement of an accelerated share repurchase agreement. **AOCI** decreased by $245 million from fiscal 2013.

Noncontrolling interests increased $14 million in fiscal 2014.

FISCAL 2013 CONSOLIDATED RESULTS OF OPERATIONS

Our consolidated results for fiscal 2013 include three quarters of operating activity from the acquisitions of Yoki in Brazil and Food Should Taste Good in the United States, and the assumption of the Canadian Yoplait franchise license (Yoplait Canada), four quarters of results for Yoplait Ireland and Parampara Foods in India, and two quarters of results for Immaculate Baking Company in the United States. Also included in the first quarter of fiscal 2013 are two additional months of results from the acquisition of Yoplait S.A.S. Collectively, these items are referred to as “new businesses” in comparing our fiscal 2013 results to fiscal 2012.

Fiscal 2013 net sales grew 7 percent to $17,774 million. In fiscal 2013, **net earnings attributable to General Mills** were $1,855 million, up 18 percent from $1,567 million in fiscal 2012, and we reported **diluted EPS** of $2.79 in fiscal 2013, up 19 percent from $2.35 in fiscal 2012. Fiscal 2013 results include the effects from various discrete tax items, the impact of Venezuela currency devaluation, restructuring charges related to our fiscal 2012 productivity and cost savings plan, integration costs resulting from the acquisition of Yoki, and gains from the mark-to-market valuation of certain commodity positions and grain inventories. Fiscal 2012 results include losses from the mark-to-market valuation of certain commodity positions and grain inventories, restructuring charges related to our 2012 productivity and cost savings plan, and integration costs resulting from the acquisitions of Yoplait S.A.S. and Yoplait Marques S.A.S. Diluted EPS excluding these items affecting comparability totaled $2.72 in fiscal 2013, up 6 percent from $2.56 in fiscal 2012 (see the “Non-GAAP Measures” section below for a description of our use of this measure and our discussion of the items affecting comparability).

The components of net sales growth are shown in the following table:

Components of Net Sales Growth

	Fiscal 2013 vs. 2012
Contributions from volume growth (a)	9 pts
Net price realization and mix	(1) pt
Foreign currency exchange	(1) pt
Net sales growth	7 pts

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

Net sales grew 7 percent in fiscal 2013, including 6 percentage points of growth contributed by new businesses, primarily Yoki, Yoplait S.A.S., and Yoplait Canada. Excluding the impact of new businesses, net sales grew 2 percent, partially offset by 1 percentage point of unfavorable foreign currency exchange. Contributions from volume growth increased net sales by 9 percentage points, including 8 percentage points of contribution from volume growth due to new businesses. Unfavorable net price realization and mix decreased net sales growth by 1 percentage point and unfavorable foreign currency exchange decreased net sales growth by 1 percentage point.

Cost of sales increased $737 million in fiscal 2013 to $11,350 million. Higher volume drove a $982 million increase in cost of sales. We also recorded a $17 million non-recurring expense related to the assumption of the Canadian Yoplait franchise license and a $16 million charge related to Venezuela currency devaluation in fiscal 2013. These increases were partially offset by a $170 million decrease in cost of sales attributable to product mix. In fiscal 2013, we recorded a $4 million net decrease in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories as described in Note 7 to the Consolidated Financial Statements in Item 8 of this report, compared to a net increase of $104 million in fiscal 2012.

Gross margin grew 6 percent in fiscal 2013 versus fiscal 2012. Gross margin as a percent of net sales of 36 percent was relatively flat compared to fiscal 2012.

SG&A expenses were up $172 million in fiscal 2013 versus fiscal 2012. The increase in SG&A expenses was primarily driven by the addition of new businesses and an increase in pension expense. In addition, we recorded a $9 million foreign exchange loss resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary following the devaluation of the bolivar in fiscal 2013. Excluding these items, SG&A expenses decreased compared to fiscal 2012, including a 2 percent decrease in advertising and media expense. SG&A expenses as a percent of net sales were flat compared to fiscal 2012.

Restructuring, impairment, and other exit costs totaled $20 million in fiscal 2013. In fiscal 2013, we recorded a $19 million restructuring charge related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012, consisting of $11 million of employee severance expense and other exit costs of $8 million. All of our operating segments were affected by these actions including $16 million related to our International segment, $2 million related to our U.S. Retail segment, and $1 million related to our Convenience Stores and Foodservice segment. In addition, we recorded $1 million of charges associated with other previously announced restructuring actions. In fiscal 2013, we paid $80 million in cash related to restructuring actions. In fiscal 2012, we recorded a $102 million restructuring charge related to the productivity and cost savings plan approved in the fourth quarter of fiscal 2012.

Interest, net for fiscal 2013 totaled $317 million, $35 million lower than fiscal 2012. The average interest rate decreased 60 basis points, including the effect of the mix of debt, generating a $43 million decrease in net interest. Average interest bearing instruments increased $167 million, primarily from an increase in incremental borrowing to fund the acquisition of Yoki, generating an $8 million increase in net interest.

Our consolidated **effective tax rate** for fiscal 2013 was 29.2 percent compared to 32.1 percent in fiscal 2012. The 2.9 percentage point decrease was primarily related to the restructuring of our GMC subsidiary during the first quarter of fiscal 2013 which resulted in a $63 million decrease to deferred income tax liabilities related to the tax basis of the investment in GMC and certain distributed assets, with a corresponding discrete non-cash reduction to income taxes. During fiscal 2013, we also recorded a $34 million discrete decrease in income tax expense and an increase in our deferred tax assets related to certain actions taken to restore part of the tax benefits associated with Medicare Part D subsidies which had previously been reduced in fiscal 2010 with the enactment of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. Our fiscal 2013 tax expense also includes a $12 million charge associated with the liquidation of a corporate investment.

After-tax earnings from joint ventures for fiscal 2013 increased to $99 million compared to $88 million in fiscal 2012 primarily due to higher tax rates in fiscal 2012 as a result of discrete tax items and higher operating profit offset by unfavorable foreign currency exchange in fiscal 2013.

The change in net sales for each joint venture is set forth in the following table:

Joint Venture Change in Net Sales

	As Reported Fiscal 2013 vs. 2012	Constant Currency Basis Fiscal 2013 vs. 2012
CPW	(1)%	2 %
HDJ	(2)	5
Joint Ventures	(1)%	3 %

In fiscal 2013, CPW net sales declined by 1 percentage point as 2 percentage points of net sales growth from favorable net price realization and mix were offset by 3 percentage points of net sales decline from unfavorable foreign currency exchange. Contribution from volume growth was flat compared to fiscal 2012. In fiscal 2013, net sales for HDJ decreased 2 percentage points from fiscal 2012 as 6 percentage points of net sales growth from volume contribution was offset by 7 percentage points of net sales decline from unfavorable foreign currency exchange and 1 percentage point of net sales decline attributable to unfavorable net price realization and mix.

Average diluted shares outstanding decreased by 1 million in fiscal 2013 from fiscal 2012, due primarily to the repurchase of 24 million shares.

RESULTS OF SEGMENT OPERATIONS

Our businesses are organized into three operating segments: U.S. Retail; International; and Convenience Stores and Foodservice.

The following tables provide the dollar amount and percentage of net sales and operating profit from each segment for fiscal years 2014, 2013, and 2012:

	Fiscal Year					
	2014		2013		2012	
In Millions	**Dollars**	**Percent of Total**	Dollars	Percent of Total	Dollars	Percent of Total
Net Sales						
U.S. Retail	**$10,604.9**	**59%**	$10,614.9	60%	$10,480.2	63%
International	**5,385.9**	**30**	5,200.2	29	4,194.3	25
Convenience Stores and Foodservice	**1,918.8**	**11**	1,959.0	11	1,983.4	12
Total	**$17,909.6**	**100%**	$17,774.1	100%	$16,657.9	100%
Segment Operating Profit						
U.S. Retail	**$ 2,311.5**	**75%**	$ 2,392.9	75%	$ 2,295.3	76%
International	**472.9**	**15**	490.2	15	429.6	14
Convenience Stores and Foodservice	**307.3**	**10**	314.6	10	286.7	10
Total	**$ 3,091.7**	**100%**	$ 3,197.7	100%	$ 3,011.6	100%

Segment operating profit excludes unallocated corporate items, gain on divestitures, and restructuring, impairment, and other exit costs because these items affecting operating profit are centrally managed at the corporate level and are excluded from the measure of segment profitability reviewed by our executive management.

U.S. RETAIL SEGMENT

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

In fiscal 2014, net sales for our U.S. Retail segment were $10.6 billion, flat compared to fiscal 2013. Contributions from volume growth and net price realization and mix were flat compared to fiscal 2013.

In fiscal 2013, net sales for this segment totaled $10.6 billion, up 1 percent from fiscal 2012 due to contributions from volume growth. Net price realization and mix was flat compared to fiscal 2012.

Components of U.S. Retail Net Sales Growth

	Fiscal 2014 vs. 2013	Fiscal 2013 vs. 2012
Contributions from volume growth (a)	**Flat**	1 pt
Net price realization and mix	**Flat**	Flat
Net sales growth	**Flat**	1 pt

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

Net sales for our U.S. retail divisions are shown in the tables below:

U.S. Retail Net Sales by Division

	Fiscal Year		
	2014	2013	2012
Big G	**$ 2,345.4**	$ 2,340.8	$ 2,387.9
Baking Products	**1,831.7**	1,845.7	1,792.8
Snacks	**1,823.8**	1,717.2	1,578.6
Frozen Foods	**1,525.5**	1,549.6	1,601.0
Meals	**1,418.8**	1,481.0	1,452.8
Yoplait	**1,311.9**	1,352.6	1,418.5
Small Planet Foods and other	**347.8**	328.0	248.6
Total	**$10,604.9**	$10,614.9	$10,480.2

U.S. Retail Net Sales Percentage Change by Division

	Fiscal 2014 vs. 2013	Fiscal 2013 vs. 2012
Big G	**Flat**	(2)%
Baking Products	**(1)%**	3
Snacks	**6**	9
Frozen Foods	**(2)**	(3)
Meals	**(4)**	2
Yoplait	**(3)**	(5)
Small Planet Foods	**6**	35
Total	**Flat**	1%

Fiscal 2014 U.S. Retail segment net sales were flat compared to fiscal 2013 as net sales growth in Snacks and Small Planet Foods was offset by declines in Meals, Yoplait, Frozen Foods, and Baking Products divisions. Big G division net sales growth was flat compared to fiscal 2013.

The 1 percentage point increase in the fiscal 2013 U.S. Retail segment net sales was driven by the Snacks, Small Planet Foods, Baking Products, and Meals divisions, partially offset by declines in the Yoplait, Frozen Foods, and Big G divisions.

Segment operating profit of $2.3 billion in fiscal 2014 declined $81 million, or 3 percent, from fiscal 2013. The decrease reflects higher trade spending, partially offset by a 1 percent reduction in advertising and media expense.

Segment operating profit of $2.4 billion in fiscal 2013 improved $98 million, or 4 percent, from fiscal 2012. The increase was primarily driven by a 5 percent reduction in advertising and media expense, favorable net price realization and mix, and higher volume, partially offset by an increase in input costs.

INTERNATIONAL SEGMENT

Our International segment consists of retail and foodservice businesses outside of the United States. Our product categories include ready-to-eat cereals, shelf stable and frozen vegetables, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza snacks, refrigerated yogurt, grain and fruit snacks, and super-premium ice cream and frozen desserts. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our International segment also includes products manufactured in the United States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities and franchise fees are reported in the region or country where the end customer is located.

As part of a long-term plan to conform the fiscal year ends of all our operations, we have changed the reporting period of certain countries within our International segment from an April fiscal year end to a May fiscal year end to match our fiscal calendar. Accordingly, in the year of change, our results include 13 months of results from the affected operations compared to 12 months in previous and future fiscal years. In fiscal 2013, we changed the reporting period for our operations in Europe and Australia. In fiscal 2012, we changed the reporting period for our operations in China. The impact of these changes was not material to the fiscal 2013 or fiscal 2012 International segment results of operations.

Net sales for our International segment were up 4 percent in fiscal 2014 compared to fiscal 2013, to $5,386 million, including 5 percentage points of growth from new businesses, primarily Yoki and Yoplait Canada. The growth in fiscal 2014 included 5 percentage points of contributions from volume growth, including 7 percentage points resulting from new businesses, and 3 percentage points of favorable net price realization and mix, partially offset by 4 percentage points of unfavorable foreign currency exchange.

Net sales totaled $5,200 million in fiscal 2013, up 24 percent from $4,194 million in fiscal 2012. The growth in fiscal 2013 was driven by 21 percentage points from new businesses, primarily Yoki, Yoplait S.A.S., and Yoplait Canada. Excluding the impact of new businesses, net sales growth was up 3 percent. Volume contributed 34 percentage points of net sales growth, including 32 percentage points resulting from new businesses, partially offset by 6 percentage points of unfavorable net price realization and mix and 4 percentage points of unfavorable foreign currency exchange.

Components of International Net Sales Growth

	Fiscal 2014 vs. 2013	Fiscal 2013 vs. 2012
Contributions from volume growth (a)	**5 pts**	34pts
Net price realization and mix	**3 pts**	(6)pts
Foreign currency exchange	**(4)pts**	(4)pt
Net sales growth	**4 pts**	24pts

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

Net sales for our International segment by geographic region are shown in the following tables:

International Net Sales by Geographic Region

	Fiscal Year		
	2014	2013	2012
Europe (a)	**$2,188.8**	$2,214.6	$1,988.5
Canada	**1,195.3**	1,210.5	990.9
Asia/Pacific (b)	**981.8**	899.1	810.1
Latin America	**1,020.0**	876.0	404.8
Total	**$5,385.9**	$5,200.2	$4,194.3

(a) Fiscal 2013 net sales for the Europe region include an additional month of results.
(b) Fiscal 2012 net sales for the Asia/Pacific region include an additional month of results.

International Change in Net Sales by Geographic Region

	Percentage Change in Net Sales as Reported		Percentage Change in Net Sales on Constant Currency Basis (a)	
	Fiscal 2014 vs. 2013	Fiscal 2013 vs. 2012	**Fiscal 2014 vs. 2013**	Fiscal 2013 vs. 2012
Europe (b)	**(1) %**	11 %	**(4) %**	15 %
Canada	**(1)**	22	**5**	22
Asia/Pacific	**9**	11	**9**	11
Latin America	**16**	116	**38**	139
Total (b)	**4 %**	24 %	**8 %**	28 %

(a) See the "Non-GAAP Measures" section below for our use of this measure.
(b) Fiscal 2013 percentage change in net sales as reported for the Europe region includes 4 percentage points of growth due to an additional month of results. The impact to fiscal 2013 net sales growth for the International segment was not material.

The 4 percentage point increase in the International segment fiscal 2014 net sales was driven by growth in the Latin America and Asia/Pacific regions, partially offset by declines in the Europe and Canada regions. On a constant currency basis, International segment net sales grew 8 percent, with 38 percent growth in the Latin America region, 9 percent growth in the Asia/Pacific region, and 5 percent growth in the Canada region, partially offset by 4 percent decline in the Europe region.

The 24 percentage point increase in the International segment fiscal 2013 net sales was driven by growth across all regions. On a constant currency basis, International segment net sales grew 28 percent, with 139 percent growth in the Latin America region, 15 percent growth in the Europe region, 22 percent growth in the Canada region, and 11 percent growth in the Asia/Pacific region.

Segment operating profit for fiscal 2014 declined 4 percent to $473 million from $490 million in fiscal 2013, primarily driven by unfavorable foreign currency exchange including a $62 million charge related to Venezuela currency devaluation in fiscal 2014 and higher input costs, partially offset by volume growth, favorable net price realization and mix, and an additional quarter of results from the Yoki acquisition. In addition we recorded a $17 million non-recurring expense related to the assumption of the Canadian Yoplait franchise license and a $25 million charge related to Venezuela currency devaluation in fiscal 2013. International segment operating profit excluding the impact of Venezuela currency devaluation was $535 million in fiscal 2014, an increase of 4 percent compared to $515 million in fiscal 2013 (see the "Non-GAAP Measure" section below for our use of this measure).

Segment operating profit for fiscal 2013 grew 14 percent to $490 million from $430 million in fiscal 2012, primarily driven by volume growth, the Yoki acquisition, and a full year of activity from Yoplait S.A.S., partially offset by unfavorable foreign currency exchange, including a $25 million charge related to Venezuela currency devaluation. International segment operating profit excluding the impact of Venezuela currency devaluation was $515 million in fiscal 2013, a 20 percent increase compared to $430 million in fiscal 2012 (see the "Non-GAAP Measure" section below for our use of this measure).

Venezuela is a highly inflationary economy and as such, we remeasure the value of the assets and liabilities of our Venezuelan subsidiary based on the exchange rate at which we expect to remit dividends in U.S. dollars. In February 2013, the Venezuelan government devalued the bolivar by resetting the official exchange rate. The effect of the devaluation in fiscal 2013 was a $25 million foreign exchange loss in segment operating profit resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary. On February 19, 2014, the Venezuelan government established a new foreign exchange market mechanism ("SICAD 2") and has indicated that this will be the market through which U.S. dollars will be obtained for the remittance of dividends. This market has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. In the fourth quarter of fiscal 2014, we recorded a $62 million foreign exchange loss in the International segment operating profit resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary at the SICAD 2 rate of 50.0 bolivars per U.S. dollar. We have been able to access U.S. dollars through the SICAD 2 market. Our Venezuela operations represent less than 1 percent of our consolidated assets, liabilities, net sales, and segment operating profit. As of May 25, 2014, we had $3 million of non-U.S. dollar cash balances in Venezuela.

CONVENIENCE STORES AND FOODSERVICE SEGMENT

In the first quarter of fiscal 2014, we changed the name of our Bakeries and Foodservice operating segment to Convenience Stores and Foodservice. The businesses in this segment were unchanged. Our major product categories are ready-to-eat cereals, snacks, refrigerated yogurt, unbaked and fully baked frozen dough products, baking mixes, and flour. Many products we sell are branded to the consumer and nearly all are branded to our customers. We sell to distributors and operators in many customer channels including foodservice, convenience stores, vending, and supermarket bakeries. Substantially all of this segment's operations are located in the United States.

For fiscal 2014, net sales for our Convenience Stores and Foodservice segment decreased 2 percent to $1,919 million primarily driven by an 1 percentage point decrease in contributions from volume growth and 1 percentage point of unfavorable net price realization and mix. Volume declines were driven by the loss of business with a major customer as well as the impact of inclement weather, as fiscal 2014 had a sharp increase in weather-related events such as school and business closings. Unfavorable net price realization and mix were driven by commodity index priced items.

For fiscal 2013, net sales for our Convenience Stores and Foodservice segment decreased 1 percent to $1,959 million due to an 1 percentage point decrease in contributions from volume growth. Net price realization and mix was flat compared to fiscal 2012 as gains from favorable product mix were offset by declines in commodity index priced items.

Components of Convenience Stores and Foodservice Net Sales Growth

	Fiscal 2014 vs. 2013	Fiscal 2013 vs. 2012
Contributions from volume growth (a)	**(1) pt**	(1)pt
Net price realization and mix	**(1) pt**	Flat
Foreign currency exchange	**NM**	NM
Net sales growth	**(2)pts**	(1)pt

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

Net sales for our Convenience Stores and Foodservice segment are shown in the following table:

Convenience Stores and Foodservice Net Sales

	Fiscal Year		
	2014	2013	2012
Total	**$1,918.8**	$1,959.0	$1,983.4

In fiscal 2014, segment operating profit was $307 million, down 2 percent from $315 million in fiscal 2013. The decrease was primarily driven by volume declines, unfavorable net price realization, and investments to protect and grow the business.

In fiscal 2013, segment operating profit was $315 million, up 10 percent from $287 million in fiscal 2012. The increase was primarily driven by favorable product mix, lower manufacturing and input costs, and reduced administrative costs.

UNALLOCATED CORPORATE ITEMS

Unallocated corporate items include corporate overhead expenses, variances to planned domestic employee benefits and incentives, contributions to the General Mills Foundation, and other items that are not part of our measurement of segment operating performance. This includes gains and losses from mark-to-market valuation of certain commodity positions until passed back to our operating segments in accordance with our policy as discussed in Note 2 of the Consolidated Financial Statements in Item 8 of this report.

For fiscal 2014, unallocated corporate expense totaled $196 million compared to $326 million last year. In fiscal 2014 we recorded a $49 million net decrease in expense related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a $4 million net decrease in expense last year. Compensation and benefit expenses decreased $59 million and the contribution to the General Mills Foundation decreased in fiscal 2014 compared to fiscal 2013. In fiscal 2013, we also recorded $12 million of integration costs related to the acquisition of Yoki.

Unallocated corporate expense totaled $326 million in fiscal 2013 compared to $348 million in fiscal 2012. In fiscal 2013, we recorded a $4 million net decrease in expense related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a $104 million net increase in expense in fiscal 2012. Pension expense increased $40 million in fiscal 2013 compared to fiscal 2012. In fiscal 2013, we also recorded $12 million of integration costs related to the acquisition of Yoki.

IMPACT OF INFLATION

We have experienced significant input cost volatility for several years. Our gross margin performance in fiscal 2014 reflects the impact of 4 percent input cost inflation, primarily on commodities inputs. We expect input cost inflation of 3 percent in fiscal 2015. We attempt to minimize the effects of inflation through HMM, planning, and operating practices. Our risk management practices are discussed in Item 7A of this report.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Act) was signed into law in March 2010. The Act codifies health care reforms with staggered effective dates from 2010 to 2018. Many provisions in the Act require the issuance of additional guidance from various government agencies. Because the Act does not take effect fully until future years, the Act did not have a material impact on our fiscal 2014, 2013, or 2012 results of operations. Estimates of the future impacts of several of the Act's provisions are incorporated into our postretirement benefit liability. The Act may also impact our future health care benefit related expenses. Given the complexity of the Act, the extended time period over which the reforms will be implemented, and the unknown impact of future regulatory guidance, the full impact of the Act on future periods will not be known until those regulations are adopted.

LIQUIDITY

The primary source of our liquidity is cash flow from operations. Over the most recent three-year period, our operations have generated $7.9 billion in cash. A substantial portion of this operating cash flow has been returned to stockholders through share repurchases and dividends. We also use cash from operations to fund our capital expenditures and acquisitions. We typically use a combination of cash, notes payable, and long-term debt to finance significant acquisitions and major capital expansions.

As of May 25, 2014, we had $840 million of cash and cash equivalents held in foreign jurisdictions which will be used to fund foreign operations and acquisitions. There is currently no need to repatriate these funds in order to meet domestic funding obligations or scheduled cash distributions. If we choose to repatriate cash held in foreign jurisdictions, we intend to do so only in a tax-neutral manner.

Cash Flows from Operations

	Fiscal Year		
In Millions	**2014**	2013	2012
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$1,861.3**	$1,892.5	$1,589.1
Depreciation and amortization	**585.4**	588.0	541.5
After-tax earnings from joint ventures	**(89.6)**	(98.8)	(88.2)
Distributions of earnings from joint ventures	**90.5**	115.7	68.0
Stock-based compensation	**108.5**	100.4	108.3
Deferred income taxes	**172.5**	81.8	149.4
Tax benefit on exercised options	**(69.3)**	(103.0)	(63.1)
Pension and other postretirement benefit plan contributions	**(49.7)**	(223.2)	(222.2)
Pension and other postretirement benefit plan costs	**124.1**	131.2	77.8
Divestiture (gain)	**(65.5)**	—	—
Restructuring, impairment, and other exit costs	**(18.8)**	(60.2)	97.8
Changes in current assets and liabilities, excluding the effects of acquisitions	**(32.2)**	471.1	243.8
Other, net	**(76.2)**	30.5	(95.0)
Net cash provided by operating activities	**$2,541.0**	$2,926.0	$2,407.2

In fiscal 2014, our operations generated $2.5 billion of cash compared to $2.9 billion in fiscal 2013. The $385 million decrease is primarily due a $503 million change in current assets and liabilities. The change in current assets and liabilities is primarily driven by a $403 million change in other current liabilities largely due to changes in trade promotion and income tax accruals, and a $107 million change in inventory. In addition, in fiscal 2013 we made a $200 million voluntary contribution to our principal domestic pension plans.

We strive to grow core working capital at or below the rate of growth in our net sales. For fiscal 2014, core working capital decreased 9 percent, compared to net sales growth of 1 percent, primarily due to an increase in accounts payable. In fiscal 2013, core working capital decreased 5 percent, compared to net sales growth of 7 percent, and in fiscal 2012, core working capital decreased 7 percent, compared to net sales growth of 12 percent.

In fiscal 2013, our operations generated $2.9 billion of cash compared to $2.4 billion in fiscal 2012. The $519 million increase is primarily due to a $303 million increase in net earnings and $227 million from changes in current assets and liabilities. Other current liabilities accounted for $336 million of the increase in current assets and liabilities due to trade and tax accruals, and accounts payable accounted for $252 million of the increase partly as the result of the extension of payment terms. These were partially offset by a $214 million change in prepaid expenses and other current assets primarily due to changes in derivative receivables and changes in other receivables related to the liquidation of a corporate investment, and a $126 million change in inventory largely driven by a lower level of inventory reduction activity compared to fiscal 2012. In both fiscal 2013 and fiscal 2012, we made a $200 million voluntary contribution to our principal domestic pension plans. In addition, we paid $80 million in cash related to restructuring actions in fiscal 2013.

Cash Flows from Investing Activities

In Millions	**Fiscal Year** **2014**	2013	2012
Purchases of land, buildings, and equipment	**$(663.5)**	$ (613.9)	$ (675.9)
Acquisitions, net of cash acquired	**—**	(898.0)	(1,050.1)
Investments in affiliates, net	**(54.9)**	(40.4)	(22.2)
Proceeds from disposal of land, buildings, and equipment	**6.6**	24.2	2.2
Proceeds from divestiture	**121.6**	—	—
Exchangeable note	**29.3**	16.2	(131.6)
Other, net	**(0.9)**	(3.5)	6.8
Net cash used by investing activities	**$(561.8)**	$(1,515.4)	$(1,870.8)

In fiscal 2014, cash used by investing activities decreased by $954 million from fiscal 2013. We invested $664 million in land, buildings, and equipment in fiscal 2014, $50 million more than the same period last year. We made $55 million of investments in affiliates, primarily CPW, in fiscal 2014. In the fourth quarter of fiscal 2014 we sold certain grain elevators for approximately $122 million in cash, subject to a working capital adjustment. In addition we received $29 million in payments from Sodiaal International (Sodiaal) in fiscal 2014 against the $132 million exchangeable note we purchased in 2012.

In fiscal 2013, cash used by investing activities decreased by $355 million from fiscal 2012. In fiscal 2013, we acquired Yoki, a privately held food company headquartered in Sao Bernardo do Campo, Brazil, for an aggregate purchase price of $940 million, comprised of $820 million of cash, net of $31 million of cash acquired, and $120 million of non-cash consideration for debt assumed. We invested $614 million in land, buildings, and equipment in fiscal 2013, $62 million less than the same period in fiscal 2012. In addition, we received $16 million in payments from Sodiaal in fiscal 2013 against the $132 million exchangeable note.

We expect capital expenditures to be approximately $730 million in fiscal 2015. These expenditures will support initiatives that are expected to fuel International growth, increase manufacturing capacity for Snacks, and continue HMM initiatives throughout the supply chain.

Cash Flows from Financing Activities

In Millions	**Fiscal Year** **2014**	2013	2012
Change in notes payable	**$ 572.9**	$ (44.5)	$ 227.9
Issuance of long-term debt	**1,673.0**	1,001.1	1,390.5
Payment of long-term debt	**(1,444.8)**	(542.3)	(1,450.1)
Proceeds from common stock issued on exercised options	**108.1**	300.8	233.5
Tax benefit on exercised options	**69.3**	103.0	63.1
Purchases of common stock for treasury	**(1,745.3)**	(1,044.9)	(313.0)
Dividends paid	**(983.3)**	(867.6)	(800.1)
Addition of noncontrolling interest	**17.6**	—	—
Distributions to noncontrolling and redeemable interest holders	**(77.4)**	(39.2)	(5.2)
Other, net	**(14.2)**	(6.6)	(13.2)
Net cash used by financing activities	**$(1,824.1)**	$(1,140.2)	$ (666.6)

Net cash used by financing activities increased by $684 million in fiscal 2014. We had $387 million more net debt issuances in fiscal 2014 than the same period a year ago. For more information on our debt issuances, please refer to Note 8 to the Consolidated Financial Statements in Item 8 of this report.

During fiscal 2014, we received $108 million in proceeds from common stock issued on exercised options compared to $301 million in fiscal 2013, a decrease of $193 million. During fiscal 2012, we received $234 million in proceeds from common stock issued on exercised options.

In June 2010, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock. The Board terminated this authorization in May 2014 and approved a new authorization for the repurchase of up to 100 million shares of our common stock. Purchases under the authorization can be made in the open market or in privately negotiated transactions, including the use of call options and other derivative instruments, Rule 10b5-1 trading plans, and accelerated repurchase programs. The authorization has no specified termination date.

During fiscal 2014, we paid $1,745 million to repurchase 36 million shares of our common stock. During fiscal 2013, we repurchased 24 million shares of our common stock for an aggregate purchase price of $1,015 million, including 6 million shares with a fair value of $270 million purchased as part of an accelerated share repurchase (ASR) agreement. Under the terms of this agreement, we also paid an additional $30 million to the unrelated financial institution for shares which were settled in the first quarter of fiscal 2014. During fiscal 2012, we repurchased 8 million shares of our common stock for an aggregate purchase price of $313 million.

Dividends paid in fiscal 2014 totaled $983 million, or $1.55 per share, a 17 percent per share increase from fiscal 2013. Dividends paid in fiscal 2013 totaled $868 million, or $1.32 per share, an 8 percent per share increase from fiscal 2012 dividends of $1.22 per share. On March 11, 2014, our Board of Directors approved a dividend increase, effective with the May 1, 2014 payment, to an annual rate of $1.64 per share, a 6 percent increase from the rate paid in fiscal 2014.

Selected Cash Flows from Joint Ventures

Selected cash flows from our joint ventures are set forth in the following table:

	Fiscal Year		
Inflow (Outflow), in Millions	**2014**	2013	2012
Advances to joint ventures, net	**$(54.9)**	$ (36.7)	$(22.2)
Dividends received	**90.5**	115.7	68.0

CAPITAL RESOURCES

Total capital consisted of the following:

In Millions	**May 25, 2014**	May 26, 2013
Notes payable	**$ 1,111.7**	$ 599.7
Current portion of long-term debt	**1,250.6**	1,443.3
Long-term debt	**6,423.5**	5,926.1
Total debt	**8,785.8**	7,969.1
Redeemable interest	**984.1**	967.5
Noncontrolling interests	**470.6**	456.3
Stockholders' equity	**6,534.8**	6,672.2
Total capital	**$16,775.3**	$16,065.1

The following table details the fee-paid committed and uncommitted credit lines we had available as of May 25, 2014:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
April 2017	$1.7	$—
May 2019	1.0	—
Total committed credit facilities	2.7	—
Uncommitted credit facilities	0.4	0.1
Total committed and uncommitted credit facilities	$3.1	$0.1

To ensure availability of funds, we maintain bank credit lines sufficient to cover our outstanding short-term borrowings. Commercial paper is a continuing source of short-term financing. We have commercial paper programs available to us in the United States and Europe. We also have uncommitted and asset-backed credit lines that support our foreign operations. The credit facilities contain several covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of May 25, 2014, we were in compliance with all of these covenants.

We have $1,251 million of long-term debt maturing in the next 12 months that is classified as current. We believe that cash flows from operations, together with available short- and long-term debt financing, will be adequate to meet our liquidity and capital needs for at least the next 12 months.

As of May 25, 2014, our total debt, including the impact of derivative instruments designated as hedges, was 71 percent in fixed-rate and 29 percent in floating-rate instruments, compared to 73 percent in fixed-rate and 27 percent in floating-rate instruments on May 26, 2013. The change in the fixed-rate and floating-rate percentages was driven by increased commercial paper issuances.

Growth in return on average total capital is one of our key performance measures (see the “Non-GAAP Measures” section below for our discussion of this measure, which is not defined by GAAP). Return on average total capital decreased from 12.0 percent in fiscal 2013 to 11.6 percent in fiscal 2014, as fiscal 2014 earnings did not grow in line with our capital base. We also believe that our fixed charge coverage ratio and the ratio of operating cash flow to debt are important measures of our financial strength. Our fixed charge coverage ratio in fiscal 2014 was 8.04 compared to 7.62 in fiscal 2013. The measure increased from fiscal 2013 as earnings before income taxes and after-tax earnings from joint ventures increased by $120 million and fixed charges decreased by $10 million, driven primarily by lower interest. Our operating cash flow to debt ratio decreased 7.8 percentage points to 28.9 percent in fiscal 2014, driven by an increase in total debt.

We have a 51 percent controlling interest in Yoplait S.A.S. and a 50 percent interest in Yoplait Marques S.A.S. and Liberté Marques S.a.r.l. Sodiaal holds the remaining interests in each of these entities. We consolidate these entities into our consolidated financial statements. We record Sodiaal’s 50 percent interest in Yoplait Marques S.A.S. and Liberté Marques S.a.r.l. as noncontrolling interests, and their 49 percent interest in Yoplait S.A.S. as a redeemable interest on our Consolidated Balance Sheets. These euro- and Canadian dollar-denominated interests are reported in U.S. dollars on our Consolidated Balance Sheets. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value once per year up to a maximum remaining term of 6 years. As of May 25, 2014, the redemption value of the redeemable interest was $984 million which approximates its fair value.

During the first quarter of fiscal 2013, in conjunction with the consent of the Class A investor, we restructured General Mills Cereals, LLC (GMC) through the distribution of its manufacturing assets, stock, inventory, cash and certain intellectual property to a wholly owned subsidiary. GMC retained the remaining intellectual property. Immediately following the restructuring, the Class A Interests of GMC were sold by the then current holder to another unrelated third-party investor.

The third-party holder of the GMC Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate, currently equal to the sum of three-month LIBOR plus 110 basis points, to the holder's capital account balance established in the most recent mark-to-market valuation (currently $252 million). The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

The holder of the Class A Interests may initiate a liquidation of GMC under certain circumstances, including, without limitation, the bankruptcy of GMC or its subsidiaries, GMC's failure to deliver the preferred distributions on the Class A Interests, GMC's failure to comply with portfolio requirements, breaches of certain covenants, lowering of our senior debt rating below either Baa3 by Moody's or BBB- by Standard & Poor's, and a failed attempt to remarket the Class A Interests. In the event of a liquidation of GMC, each member of GMC will receive the amount of its then current capital account balance. We may avoid liquidation by exercising our option to purchase the Class A Interests.

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

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

As of May 25, 2014, we have issued guarantees and comfort letters of $341 million for the debt and other obligations of consolidated subsidiaries, and guarantees and comfort letters of $284 million for the debt and other obligations of non-consolidated affiliates, mainly CPW. In addition, off-balance sheet arrangements are generally limited to the future payments under non-cancelable operating leases, which totaled $388 million as of May 25, 2014.

As of May 25, 2014, we had invested in five variable interest entities (VIEs). None of our VIEs are material to our results of operations, financial condition, or liquidity as of and for the year ended May 25, 2014.

Our defined benefit plans in the United States are subject to the requirements of the Pension Protection Act (PPA). The PPA revised the basis and methodology for determining defined benefit plan minimum funding requirements as well as maximum contributions to and benefits paid from tax-qualified plans. The PPA may ultimately require us to make additional contributions to our domestic plans. We do not expect to be required to make any contributions in fiscal 2015.

The following table summarizes our future estimated cash payments under existing contractual obligations, including payments due by period:

	Payments Due by Fiscal Year				
In Millions	Total	2015	2016 - 17	2018 - 19	2020 and Thereafter
Long-term debt (a)	$ 7,681.0	$1,249.5	$ 2,000.0	$ 1,250.0	$3,181.5
Accrued interest	92.5	92.5	—	—	—
Operating leases (b)	388.5	93.9	130.2	76.1	88.3
Capital leases	2.5	1.5	1.0	—	—
Purchase obligations (c)	2,830.4	2,203.6	446.8	95.2	84.8
Total contractual obligations	10,994.9	3,641.0	2,578.0	1,421.3	3,354.6
Other long-term obligations (d)	1,520.9	—	—	—	—
Total long-term obligations	$12,515.8	$3,641.0	$ 2,578.0	$ 1,421.3	$3,354.6

(a) Amounts represent the expected cash payments of our long-term debt and do not include $2 million for capital leases or $9 million for net unamortized bond premiums and discounts and fair value adjustments.

(b) Operating leases represents the minimum rental commitments under non-cancelable operating leases.

(c) The majority of the purchase obligations represent commitments for raw material and packaging to be utilized in the normal course of business and for consumer marketing spending commitments that support our brands. For purposes of this table, arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased, a pricing structure, and approximate timing of the transaction. Most arrangements are cancelable without a significant penalty and with short notice (usually 30 days). Any amounts reflected on the Consolidated Balance Sheets as accounts payable and accrued liabilities are excluded from the table above.

(d) The fair value of our foreign exchange, equity, commodity, and grain derivative contracts with a payable position to the counterparty was $28 million as of May 25, 2014, based on fair market values as of that date. Future changes in market values will impact the amount of cash ultimately paid or received to settle those instruments in the future. Other long-term obligations mainly consist of liabilities for accrued compensation and benefits, including the underfunded status of certain of our defined benefit pension, other postretirement benefit, and postemployment plans, and miscellaneous liabilities. We expect to pay $21 million of benefits from our unfunded postemployment benefit plans and $14 million of deferred compensation in fiscal 2015. We are unable to reliably estimate the amount of these payments beyond fiscal 2015. As of May 25, 2014, our total liability for uncertain tax positions and accrued interest and penalties was $193 million.

SIGNIFICANT ACCOUNTING ESTIMATES

For a complete description of our significant accounting policies, see Note 2 to the Consolidated Financial Statements in Item 8 of this report. Our significant accounting estimates are those that have a meaningful impact on the reporting of our financial condition and results of operations. These estimates include our accounting for promotional expenditures, valuation of long-lived assets, intangible assets, redeemable interest, stock-based compensation, income taxes, and defined benefit pension, other postretirement, and postemployment benefits.

Promotional Expenditures

Our promotional activities are conducted through our customers and directly or indirectly with end consumers. These activities include: payments to customers to perform merchandising activities on our behalf, such as advertising or in-store displays; discounts to our list prices to lower retail shelf prices; payments to gain distribution of new products; coupons, contests, and other incentives; and media and advertising expenditures. The recognition of these costs requires estimation of customer participation and performance levels. These estimates are made based on the forecasted customer sales, the timing and forecasted costs of promotional activities, and other factors. Differences between estimated expenses and actual costs are recognized as a change in management estimate in a subsequent period. Our accrued trade, coupon, and consumer marketing liabilities were $578 million as of May 25, 2014, and $635 million as of May 26, 2013. Because our total promotional expenditures (including amounts classified as a reduction of revenues) are significant, if our estimates are inaccurate we would have to make adjustments in subsequent periods that could have a material effect on our results of operations.

Valuation of Long-Lived Assets
We estimate the useful lives of long-lived assets and make estimates concerning undiscounted cash flows to review for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Fair value is measured using discounted cash flows or independent appraisals, as appropriate.

Intangible Assets
Goodwill and other indefinite lived intangible assets are not subject to amortization and are tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Our estimates of fair value for goodwill impairment testing are determined based on a discounted cash flow model. We use inputs from our long-range planning process to determine growth rates for sales and profits. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors.

We evaluate the useful lives of our other intangible assets, mainly brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets. Intangible assets that are deemed to have definite lives are amortized on a straight-line basis, over their useful lives, generally ranging from 4 to 30 years. Our estimate of the fair value of our brand assets is based on a discounted cash flow model using inputs which include projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate.

As of May 25, 2014, we had $13.1 billion of goodwill and indefinite-lived intangible assets. Our Europe and Yoplait U.S. reporting units and *Uncle Toby's* and *Mountain High* brands have experienced declining business performance and we will continue to monitor these businesses. While we currently believe that the fair value of each intangible exceeds its carrying value and that those intangibles so classified will contribute indefinitely to our cash flows, materially different assumptions regarding future performance of our businesses or a different weighted-average cost of capital could result in significant impairment losses and amortization expense. We performed our fiscal 2014 assessment of our intangible assets as of November 25, 2013. As of our annual assessment date, there was no impairment of any of our intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Uncle Toby's* brand, which had a fair value 8 percent greater than its carrying value of $63 million. In addition, our *Mountain High* brand had a fair value 23 percent greater than its carrying value of $35 million.

Redeemable Interest
During the third quarter of fiscal 2014, we adjusted the redemption value of Sodiaal's redeemable interest in Yoplait S.A.S. based on a discounted cash flow model. The significant assumptions used to estimate the redemption value include projected revenue growth and profitability from our long-range plan, capital spending, depreciation and taxes, foreign currency rates, and a discount rate. As of May 25, 2014, the redemption value of the redeemable interest was $984 million.

Stock-based Compensation
The valuation of stock options is a significant accounting estimate that requires us to use judgments and assumptions that are likely to have a material impact on our financial statements. Annually, we make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. For more information on these assumptions, please refer to Note 11 to the Consolidated Financial Statements in Item 8 of this report.

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

	Fiscal Year		
	2014	2013	2012
Estimated fair values of stock options granted	**$6.03**	$3.65	$5.88
Assumptions:			
Risk-free interest rate	**2.6 %**	1.6 %	2.9 %
Expected term	**9.0 years**	9.0 years	8.5 years
Expected volatility	**17.4 %**	17.3 %	17.6 %
Dividend yield	**3.1 %**	3.5 %	3.3 %

The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant. An increase in the expected term by 1 year, leaving all other assumptions constant, would increase the grant date fair value by 2 percent. If all other assumptions are held constant, a one percentage point increase in our fiscal 2014 volatility assumption would increase the grant date fair value of our fiscal 2014 option awards by 7 percent.

To the extent that actual outcomes differ from our assumptions, we are not required to true up grant-date fair value-based expense to final intrinsic values. However, these differences can impact the classification of cash tax benefits realized upon exercise of stock options, as explained in the following two paragraphs. Furthermore, historical data has a significant bearing on our forward-looking assumptions. Significant variances between actual and predicted experience could lead to prospective revisions in our assumptions, which could then significantly impact the year-over-year comparability of stock-based compensation expense.

Any corporate income tax benefit realized upon exercise or vesting of an award in excess of that previously recognized in earnings (referred to as a windfall tax benefit) is presented in the Consolidated Statements of Cash Flows as a financing cash flow. The actual impact on future years' financing cash flows will depend, in part, on the volume of employee stock option exercises during a particular year and the relationship between the exercise-date market value of the underlying stock and the original grant-date fair value previously determined for financial reporting purposes.

Realized windfall tax benefits are credited to additional paid-in capital within the Consolidated Balance Sheets. Realized shortfall tax benefits (amounts which are less than that previously recognized in earnings) are first offset against the cumulative balance of windfall tax benefits, if any, and then charged directly to income tax expense, potentially resulting in volatility in our consolidated effective income tax rate. We calculated a cumulative amount of windfall tax benefits for the purpose of accounting for future shortfall tax benefits and currently have sufficient cumulative windfall tax benefits to absorb projected arising shortfalls, such that we do not currently expect future earnings to be affected by this provision. However, as employee stock option exercise behavior is not within our control, it is possible that materially different reported results could occur if different assumptions or conditions were to prevail.

Income Taxes

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the quarter of such change. For more information on income taxes, please refer to Note 14 to the Consolidated Financial Statements in Item 8 of this report.

Defined Benefit Pension, Other Postretirement Benefit, and Postemployment Benefit Plans

We have defined benefit pension plans covering most employees in the United States, Canada, France, and the United Kingdom. We also sponsor plans that provide health care benefits to the majority of our retirees in the United States, Canada, and Brazil. Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States, Canada, and Mexico, and members of our Board of Directors, including severance and certain other benefits payable upon death. Please refer to Note 13 to the Consolidated Financial Statements in

Item 8 to this report for a description of our defined benefit pension, other postretirement benefit, and postemployment benefit plans.

We recognize benefits provided during retirement or following employment over the plan participants' active working lives. Accordingly, we make various assumptions to predict and measure costs and obligations many years prior to the settlement of our obligations. Assumptions that require significant management judgment and have a material impact on the measurement of our net periodic benefit expense or income and accumulated benefit obligations include the long-term rates of return on plan assets, the interest rates used to discount the obligations for our benefit plans, and the health care cost trend rates.

Expected Rate of Return on Plan Assets

Our expected rate of return on plan assets is determined by our asset allocation, our historical long-term investment performance, our estimate of future long-term returns by asset class (using input from our actuaries, investment services, and investment managers), and long-term inflation assumptions. We review this assumption annually for each plan, however, our annual investment performance for one particular year does not, by itself, significantly influence our evaluation.

Our historical investment returns (compound annual growth rates) for our United States defined benefit pension and other postretirement benefit plan assets were 15.3 percent, 13.9 percent, 9.2 percent, 8.4 percent, and 9.9 percent for the 1, 5, 10, 15, and 20 year periods ended May 25, 2014.

On a weighted-average basis, the expected rate of return for all defined benefit plans was 8.53 percent for fiscal 2014, 8.53 percent for fiscal 2013, and 9.52 percent for fiscal 2012.

Lowering the expected long-term rate of return on assets by 100 basis points would increase our net pension and postretirement expense by $59 million for fiscal 2015. A market-related valuation basis is used to reduce year-to-year expense volatility. The market-related valuation recognizes certain investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. Our outside actuaries perform these calculations as part of our determination of annual expense or income.

Discount Rates

Our discount rate assumptions are determined annually as of the last day of our fiscal year for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.

Our weighted-average discount rates were as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Postemployment Benefit Plans
Obligations as of May 25, 2014, and fiscal 2015 expense	4.54%	4.51%	3.82%
Obligations as of May 26, 2013, and fiscal 2014 expense	4.54%	4.50%	3.70%
Fiscal 2013 expense	4.85%	4.70%	3.86%

Lowering the discount rates by 100 basis points would increase our net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense for fiscal 2015 by approximately $96 million. All obligation-related experience gains and losses are amortized using a straight-line method over the average remaining service period of active plan participants.

Health Care Cost Trend Rates
We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 7.3 percent for retirees age 65 and over and 6.5 percent for retirees under age 65 at the end of fiscal 2014. Rates are graded down annually until the ultimate trend rate of 5.0 percent is reached in 2025 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

A one percentage point change in the health care cost trend rate would have the following effects:

In Millions	One Percentage Point Increase	One Percentage Point Decrease
Effect on the aggregate of the service and interest cost components in fiscal 2015	$ 4.7	$ (3.9)
Effect on the other postretirement accumulated benefit obligation as of May 25, 2014	82.7	(73.2)

Any arising health care claims cost-related experience gain or loss is recognized in the calculation of expected future claims. Once recognized, experience gains and losses are amortized using a straight-line method over 15 years, resulting in at least the minimum amortization required being recorded.

Financial Statement Impact
In fiscal 2014, we recorded net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense of $140 million compared to $159 million of expense in fiscal 2013 and $106 million of expense in fiscal 2012. As of May 25, 2014, we had cumulative unrecognized actuarial net losses of $1.4 billion on our defined benefit pension plans and $80 million on our postretirement and postemployment benefit plans, mainly as the result of liability increases from lower interest rates, partially offset by recent increases in the values of plan assets. These unrecognized actuarial net losses will result in increases in our future pension expense and increases in postretirement expense since they currently exceed the corridors defined by GAAP.

We use the 2014 IRS Static Mortality Table projected forward to our plans' measurement dates to calculate the year-end defined benefit pension, other postretirement benefit, and postemployment benefit obligations and annual expense.

Actual future net defined benefit pension, other postretirement benefit, and postemployment benefit plan income or expense will depend on investment performance, changes in future discount rates, changes in health care cost trend rates, and other factors related to the populations participating in these plans.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board issued new accounting requirements for the recognition of revenue from contracts with customers. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, which for us is the first quarter of fiscal 2018. We do not expect this guidance to have a material impact on our results of operations or financial position.

NON-GAAP MEASURES

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

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

International Segment Operating Profit Excluding the Impact of Venezuela Currency Devaluation

This measure is used in reporting to our executive management and as a component of the Board of Director's measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it provides transparency to the underlying performance of the International segment by excluding the volatility related to the remeasurement of our Venezuelan subsidiary's balance sheet. A reconciliation of this measure to International segment operating profit follows:

	Fiscal Year				
	2014	2013	2012	2011	2010
International segment operating profit	**$472.9**	$490.2	$429.6	$291.4	$192.1
Impact of Venezuela currency devaluation	**62.2**	25.2	—	—	14.0
International segment operating profit excluding Venezuela currency devaluation	**$535.1**	$515.4	$429.6	$291.4	$206.1

Total Segment Operating Profit Excluding the Impact of Venezuela Currency Devaluation

This measure is used in reporting to our executive management and as a component of the Board of Director's measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it provides transparency to underlying segment performance by excluding the volatility related to the remeasurement of our Venezuelan subsidiary's balance sheet. A reconciliation of this measure to operating profit, the relevant GAAP measure, follows:

	Fiscal Year				
	2014	2013	2012	2011	2010
Operating profit:					
U.S. Retail	**$2,311.5**	$2,392.9	$2,295.3	$2,348.0	$2,385.1
International, excluding Venezuela currency devaluation	**535.1**	515.4	429.6	291.4	206.1
Convenience Stores and Foodservice	**307.3**	314.6	286.7	306.3	263.3
Total segment operating profit excluding Venezuela currency devaluation	**3,153.9**	3,222.9	3,011.6	2,945.7	2,854.5
Unallocated corporate items	**196.2**	326.1	347.6	184.1	202.9
Divestiture (gain)	**(65.5)**	—	—	(17.4)	—
Restructuring, impairment, and other exit costs	**3.6**	19.8	101.6	4.4	31.4
Venezuela currency devaluation	**62.2**	25.2	—	—	14.0
Operating profit	**$2,957.4**	$2,851.8	$2,562.4	$2,774.6	$2,606.2

Diluted EPS Excluding Certain Items Affecting Comparability

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

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

	Fiscal Year				
Per Share Data	**2014**	2013	2012	2011	2010
Diluted earnings per share, as reported	**$ 2.83**	$ 2.79	$2.35	$ 2.70	$2.24
Mark-to-market effects (a)	**(0.05)**	—	0.10	(0.09)	0.01
Divestiture gain, net (b)	**(0.06)**	—	—	—	—
Tax items (c)	**—**	(0.13)	—	(0.13)	0.05
Acquisition integration costs (d)	**—**	0.01	0.01	—	—
Venezuela currency devaluation (e)	**0.09**	0.03	—	—	0.01
Restructuring costs (f)	**0.01**	0.02	0.10	—	—
Diluted earnings per share, excluding certain items affecting comparability	**$ 2.82**	$ 2.72	$2.56	$ 2.48	$2.31

(a) See Note 7 to the Consolidated Financial Statements in Item 8 of this report.

(b) See Note 3 to the Consolidated Financial Statements in Item 8 of this report.

(c) The fiscal 2013 tax items consist of a reduction to income taxes related to the restructuring of our GMC subsidiary and an increase to income taxes related to the liquidation of a corporate investment. Additionally, fiscal 2013 and fiscal 2010 include changes in deferred taxes associated with the Medicare Part D subsidies related to the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. The fiscal 2011 tax item represents the effects of court decisions and audit settlements on uncertain tax matters.

(d) Integration costs resulting from the acquisitions of Yoki in fiscal 2013 and Yoplait S.A.S. and Yoplait Marques S.A.S. in fiscal 2012.

(e) Impact of remeasuring the assets and liabilities of our Venezuelan subsidiary following currency devaluation in fiscal 2014, fiscal 2013, and fiscal 2010.

(f) See Note 4 to the Consolidated Financial Statements in Item 8 of this report.

Return on Average Total Capital

This measure is used in reporting to our executive management and as a component of the Board of Director's measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it is important for assessing the utilization of capital and it eliminates certain items which affect year-to-year comparability.

	Fiscal Year					
In Millions	**2014**	2013	2012	2011	2010	2009
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 1,861.3**	$ 1,892.5	$ 1,589.1	$ 1,803.5	$ 1,535.0	
Interest, net, after-tax	**190.9**	201.2	238.9	243.5	261.1	
Earnings before interest, after-tax	**2,052.2**	2,093.7	1,828.0	2,047.0	1,796.1	
Mark-to-market effects	**(30.5)**	(2.8)	65.6	(60.0)	4.5	
Tax items	**—**	(85.4)	—	(88.9)	35.0	
Restructuring costs	**3.6**	15.9	64.3	—	—	
Acquisition integration costs	**—**	8.8	9.7	—	—	
Divestiture gain, net	**(36.0)**	—	—	—	—	
Venezuela currency devaluation	**57.8**	20.8	—	—	9.4	
Earnings before interest, after-tax for return on capital calculation	**$ 2,047.1**	$ 2,051.0	$ 1,967.6	$ 1,898.1	$ 1,845.0	
Current portion of long-term debt	**$ 1,250.6**	$ 1,443.3	$ 741.2	$ 1,031.3	$ 107.3	$ 508.5
Notes payable	**1,111.7**	599.7	526.5	311.3	1,050.1	812.2
Long-term debt	**6,423.5**	5,926.1	6,161.9	5,542.5	5,268.5	5,754.8
Total debt	**8,785.8**	7,969.1	7,429.6	6,885.1	6,425.9	7,075.5
Redeemable interest	**984.1**	967.5	847.8	—	—	—
Noncontrolling interests	**470.6**	456.3	461.0	246.7	245.1	244.2
Stockholders' equity	**6,534.8**	6,672.2	6,421.7	6,365.5	5,402.9	5,172.3
Total capital	**16,775.3**	16,065.1	15,160.1	13,497.3	12,073.9	12,492.0
Accumulated other comprehensive loss	**1,340.3**	1,585.3	1,743.7	1,010.8	1,486.9	877.8
After-tax earnings adjustments (a)	**(209.3)**	(204.2)	(161.5)	(301.1)	(152.2)	(201.1)
Adjusted total capital	**$17,906.3**	$17,446.2	$16,742.3	$14,207.0	$13,408.6	$13,168.7
Adjusted average total capital	**$17,676.2**	$17,094.2	$15,474.6	$13,807.8	$13,288.6	
Return on average total capital	**11.6%**	12.0%	12.7%	13.7%	13.9%	

(a) Sum of current year and previous year after-tax adjustments.

Net Sales Growth Rates for Our International Segment Excluding the Impact of Changes in Foreign Currency Exchange

We believe that this measure of our International segment and region net sales provides useful information to investors because it provides transparency to the underlying performance in markets outside the United States by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability.

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

	Fiscal 2014		
	Percentage Change in Net Sales as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in Net Sales on Constant Currency Basis**
Europe	**(1)%**	**3pts**	**(4)%**
Canada	**(1)**	**(6)**	**5**
Asia/Pacific	**9**	**—**	**9**
Latin America	**16**	**(22)**	**38**
Total International	**4%**	**(4)pts**	**8%**

	Fiscal 2013		
	Percentage Change in Net Sales as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in Net Sales on Constant Currency Basis**
Europe	11%	(4)pts	15%
Canada	22	—	22
Asia/Pacific	11	—	11
Latin America	116	(23)pts	139
Total International	24%	(4)pts	28%

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

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

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

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

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

You should also consider the risk factors that we identify in Item 1A of this report, which could also affect our future results.

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

ITEM 7A Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk stemming from changes in interest and foreign exchange rates and commodity and equity prices. Changes in these factors could cause fluctuations in our earnings and cash flows. In the normal course of business, we actively manage our exposure to these market risks by entering into various hedging transactions, authorized under established policies that place clear controls on these activities. The counterparties in these transactions are generally highly rated institutions. We establish credit limits for each counterparty. Our hedging transactions include but are not limited to a variety of derivative financial instruments. For information on interest rate, foreign exchange, commodity price, and equity instrument risk, please see Note 7 to the Consolidated Financial Statements in Item 8 of this report.

VALUE AT RISK

The estimates in the table below are intended to measure the maximum potential fair value we could lose in one day from adverse changes in market interest rates, foreign exchange rates, commodity prices, and equity prices under normal market conditions. A Monte Carlo value-at-risk (VAR) methodology was used to quantify the market risk for our exposures. The models assumed normal market conditions and used a 95 percent confidence level.

The VAR calculation used historical interest and foreign exchange rates, and commodity and equity prices from the past year to estimate the potential volatility and correlation of these rates in the future. The market data were drawn from the RiskMetrics™ data set. The calculations are not intended to represent actual losses in fair value that we expect to incur. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, we would expect that any loss or gain in the fair value of our derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposure. The positions included in the calculations were: debt; investments; interest rate swaps; foreign exchange forwards; commodity swaps, futures and options; and equity instruments. The calculations do not include the underlying foreign exchange and commodities or equity-related positions that are offset by these market-risk-sensitive instruments.

The table below presents the estimated maximum potential VAR arising from a one-day loss in fair value for our interest rate, foreign currency, commodity, and equity market-risk-sensitive instruments outstanding as of May 25, 2014, and May 26, 2013, and the average fair value impact during the year ended May 25, 2014.

	Fair Value Impact		
In Millions	**May 25, 2014**	Average during fiscal 2014	May 26, 2013
Interest rate instruments	**$32.7**	$29.5	$21.5
Foreign currency instruments	**7.2**	7.1	3.5
Commodity instruments	**3.0**	3.2	5.4
Equity instruments	**1.1**	0.8	0.7

ITEM 8 Financial Statements and Supplementary Data

REPORT OF MANAGEMENT RESPONSIBILITIES

The management of General Mills, Inc. is responsible for the fairness and accuracy of the consolidated financial statements. The statements have been prepared in accordance with accounting principles that are generally accepted in the United States, using management's best estimates and judgments where appropriate. The financial information throughout this Annual Report on Form 10-K is consistent with our consolidated financial statements.

Management has established a system of internal controls that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately in all material respects, in accordance with management's authorization. We maintain a strong audit program that independently evaluates the adequacy and effectiveness of internal controls. Our internal controls provide for appropriate separation of duties and responsibilities, and there are documented policies regarding use of our assets and proper financial reporting. These formally stated and regularly communicated policies demand highly ethical conduct from all employees.

The Audit Committee of the Board of Directors meets regularly with management, internal auditors, and our independent registered public accounting firm to review internal control, auditing, and financial reporting matters. The independent registered public accounting firm, internal auditors, and employees have full and free access to the Audit Committee at any time.

The Audit Committee reviewed and approved the Company's annual financial statements. The Audit Committee recommended, and the Board of Directors approved, that the consolidated financial statements be included in the Annual Report. The Audit Committee also appointed KPMG LLP to serve as the Company's independent registered public accounting firm for fiscal 2015, subject to ratification by the stockholders at the annual meeting.

/s/ K. J. Powell

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

/s/ D. L. Mulligan

D. L. Mulligan
Executive Vice President
and Chief Financial Officer

July 3, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
General Mills, Inc.:

We have audited the accompanying consolidated balance sheets of General Mills, Inc. and subsidiaries as of May 25, 2014 and May 26, 2013, and the related consolidated statements of earnings, comprehensive income, total equity and redeemable interest, and cash flows for each of the fiscal years in the three-year period ended May 25, 2014. In connection with our audits of the consolidated financial statements, we have audited the accompanying financial statement schedule. We also have audited General Mills, Inc.'s internal control over financial reporting as of May 25, 2014, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). General Mills, Inc.'s management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Mills, Inc. and subsidiaries as of May 25, 2014 and May 26, 2013, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended May 25, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the accompanying financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, General Mills, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 25, 2014, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Minneapolis, Minnesota
July 3, 2014

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

	Fiscal Year		
	2014	**2013**	**2012**
Net sales	**$17,909.6**	$17,774.1	$16,657.9
Cost of sales	**11,539.8**	11,350.2	10,613.2
Selling, general, and administrative expenses	**3,474.3**	3,552.3	3,380.7
Divestiture (gain)	**(65.5)**	—	—
Restructuring, impairment, and other exit costs	**3.6**	19.8	101.6
Operating profit	**2,957.4**	2,851.8	2,562.4
Interest, net	**302.4**	316.9	351.9
Earnings before income taxes and after-tax earnings from joint ventures	**2,655.0**	2,534.9	2,210.5
Income taxes	**883.3**	741.2	709.6
After-tax earnings from joint ventures	**89.6**	98.8	88.2
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**1,861.3**	1,892.5	1,589.1
Net earnings attributable to redeemable and noncontrolling interests	**36.9**	37.3	21.8
Net earnings attributable to General Mills	**$ 1,824.4**	$ 1,855.2	$ 1,567.3
Earnings per share - basic	**$ 2.90**	$ 2.86	$ 2.42
Earnings per share - diluted	**$ 2.83**	$ 2.79	$ 2.35
Dividends per share	**$ 1.55**	$ 1.32	$ 1.22

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income
GENERAL MILLS, INC. AND SUBSIDIARIES
(In Millions)

	Fiscal Year		
	2014	**2013**	**2012**
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$1,861.3**	$1,892.5	$1,589.1
Other comprehensive income (loss), net of tax:			
Foreign currency translation	**(11.3)**	0.8	(420.1)
Net actuarial gain (loss)	**206.0**	45.0	(504.6)
Other fair value changes:			
Securities	**0.3**	0.8	(0.2)
Hedge derivatives	**5.0**	24.6	(53.4)
Reclassification to earnings:			
Hedge derivatives	**(4.6)**	12.2	11.5
Amortization of losses and prior service costs	**107.6**	98.8	81.7
Other comprehensive income (loss), net of tax	**303.0**	182.2	(885.1)
Total comprehensive income	**2,164.3**	2,074.7	704.0
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	**94.9**	61.1	(130.4)
Comprehensive income attributable to General Mills	**$2,069.4**	$2,013.6	$ 834.4

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

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

	May 25, 2014	May 26, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 867.3**	$ 741.4
Receivables	**1,483.6**	1,446.4
Inventories	**1,559.4**	1,545.5
Deferred income taxes	**74.1**	128.0
Prepaid expenses and other current assets	**409.1**	437.6
Total current assets	**4,393.5**	4,298.9
Land, buildings, and equipment	**3,941.9**	3,878.1
Goodwill	**8,650.5**	8,622.2
Other intangible assets	**5,014.3**	5,015.1
Other assets	**1,145.5**	843.7
Total assets	**$23,145.7**	$22,658.0
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 1,611.3**	$ 1,423.2
Current portion of long-term debt	**1,250.6**	1,443.3
Notes payable	**1,111.7**	599.7
Other current liabilities	**1,449.9**	1,827.7
Total current liabilities	**5,423.5**	5,293.9
Long-term debt	**6,423.5**	5,926.1
Deferred income taxes	**1,666.0**	1,389.1
Other liabilities	**1,643.2**	1,952.9
Total liabilities	**15,156.2**	14,562.0
Redeemable interest	**984.1**	967.5
Stockholders’ equity:		
Common stock, 754.6 shares issued, $0.10 par value	**75.5**	75.5
Additional paid-in capital	**1,231.8**	1,166.6
Retained earnings	**11,787.2**	10,702.6
Common stock in treasury, at cost, shares of 142.3 and 113.8	**(5,219.4)**	(3,687.2)
Accumulated other comprehensive loss	**(1,340.3)**	(1,585.3)
Total stockholders’ equity	**6,534.8**	6,672.2
Noncontrolling interests	**470.6**	456.3
Total equity	**7,005.4**	7,128.5
Total liabilities and equity	**$23,145.7**	$22,658.0

See accompanying notes to consolidated financial statements.

Consolidated Statements of Total Equity, and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

(In Millions, Except per Share Data)

	$.10 Par Value Common Stock (One Billion Shares Authorized)									
	Issued			Treasury						
	Shares	Par Amount	Additional Paid-In Capital	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity	Redeemable Interest
Balance as of May 29, 2011	754.6	$75.5	$1,319.8	(109.8)	$(3,210.3)	$ 9,191.3	$(1,010.8)	$246.7	$ 6,612.2	
Total comprehensive income (loss)						1,567.3	(732.9)	(44.3)	790.1	$(86.1)
Cash dividends declared ($1.22 per share)						(800.1)			(800.1)	
Shares purchased				(8.3)	(313.0)				(313.0)	
Stock compensation plans (includes income tax benefits of $63.1)			3.2	12.0	346.3				349.5	
Unearned compensation related to restricted stock unit awards			(93.4)						(93.4)	
Stock-based compensation			108.3						108.3	
Addition of redeemable and noncontrolling interest from acquisitions								263.8	263.8	904.4
Increase in redemption value of redeemable interest			(29.5)						(29.5)	29.5
Distributions to noncontrolling interest holders								(5.2)	(5.2)	
Balance as of May 27, 2012	754.6	75.5	1,308.4	(106.1)	(3,177.0)	9,958.5	(1,743.7)	461.0	6,882.7	847.8
Total comprehensive income						1,855.2	158.4	18.3	2,031.9	42.8
Cash dividends declared ($1.70 per share)						(1,111.1)			(1,111.1)	
Shares purchased			(30.0)	(24.2)	(1,014.9)				(1,044.9)	
Stock compensation plans (includes income tax benefits of $103.0)			(38.6)	16.5	504.7				466.1	
Unearned compensation related to restricted stock unit awards			(80.5)						(80.5)	
Stock-based compensation			100.4						100.4	
Increase in redemption value of redeemable interest			(93.1)						(93.1)	93.1
Distributions to noncontrolling interest holders								(23.0)	(23.0)	(16.2)
Balance as of May 26, 2013	754.6	75.5	1,166.6	(113.8)	(3,687.2)	10,702.6	(1,585.3)	456.3	7,128.5	967.5
Total comprehensive income						1,824.4	245.0	24.9	2,094.3	70.0
Cash dividends declared ($1.17 per share)						(739.8)			(739.8)	
Shares purchased			30.0	(35.6)	(1,775.3)				(1,745.3)	
Stock compensation plans (includes income tax benefits of $69.3)			13.8	7.1	243.1				256.9	
Unearned compensation related to restricted stock unit awards			(91.3)						(91.3)	
Stock-based compensation			108.5						108.5	
Decrease in redemption value of redeemable interest			4.2						4.2	(4.2)
Addition of noncontrolling interest								17.6	17.6	
Distributions to redeemable and noncontrolling interest holders								(28.2)	(28.2)	(49.2)
Balance as of May 25, 2014	**754.6**	**$75.5**	**$1,231.8**	**(142.3)**	**$(5,219.4)**	**$11,787.2**	**$(1,340.3)**	**$470.6**	**$ 7,005.4**	**$984.1**

See accompanying notes to consolidated financial statements.

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

	Fiscal Year		
	2014	**2013**	**2012**
Cash Flows - Operating Activities			
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 1,861.3**	$ 1,892.5	$ 1,589.1
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	**585.4**	588.0	541.5
After-tax earnings from joint ventures	**(89.6)**	(98.8)	(88.2)
Distributions of earnings from joint ventures	**90.5**	115.7	68.0
Stock-based compensation	**108.5**	100.4	108.3
Deferred income taxes	**172.5**	81.8	149.4
Tax benefit on exercised options	**(69.3)**	(103.0)	(63.1)
Pension and other postretirement benefit plan contributions	**(49.7)**	(223.2)	(222.2)
Pension and other postretirement benefit plan costs	**124.1**	131.2	77.8
Divestiture (gain)	**(65.5)**	—	—
Restructuring, impairment, and other exit costs	**(18.8)**	(60.2)	97.8
Changes in current assets and liabilities, excluding the effects of acquisitions	**(32.2)**	471.1	243.8
Other, net	**(76.2)**	30.5	(95.0)
Net cash provided by operating activities	**2,541.0**	2,926.0	2,407.2
Cash Flows - Investing Activities			
Purchases of land, buildings, and equipment	**(663.5)**	(613.9)	(675.9)
Acquisitions, net of cash acquired	**—**	(898.0)	(1,050.1)
Investments in affiliates, net	**(54.9)**	(40.4)	(22.2)
Proceeds from disposal of land, buildings, and equipment	**6.6**	24.2	2.2
Proceeds from divestiture	**121.6**	—	—
Exchangeable note	**29.3**	16.2	(131.6)
Other, net	**(0.9)**	(3.5)	6.8
Net cash used by investing activities	**(561.8)**	(1,515.4)	(1,870.8)
Cash Flows - Financing Activities			
Change in notes payable	**572.9**	(44.5)	227.9
Issuance of long-term debt	**1,673.0**	1,001.1	1,390.5
Payment of long-term debt	**(1,444.8)**	(542.3)	(1,450.1)
Proceeds from common stock issued on exercised options	**108.1**	300.8	233.5
Tax benefit on exercised options	**69.3**	103.0	63.1
Purchases of common stock for treasury	**(1,745.3)**	(1,044.9)	(313.0)
Dividends paid	**(983.3)**	(867.6)	(800.1)
Addition of noncontrolling interest	**17.6**	—	—
Distributions to noncontrolling and redeemable interest holders	**(77.4)**	(39.2)	(5.2)
Other, net	**(14.2)**	(6.6)	(13.2)
Net cash used by financing activities	**(1,824.1)**	(1,140.2)	(666.6)
Effect of exchange rate changes on cash and cash equivalents	**(29.2)**	(0.2)	(18.2)
Increase (decrease) in cash and cash equivalents	**125.9**	270.2	(148.4)
Cash and cash equivalents - beginning of year	**741.4**	471.2	619.6
Cash and cash equivalents - end of year	**$ 867.3**	$ 741.4	$ 471.2
Cash Flow from Changes in Current Assets and Liabilities, excluding the effects of acquisitions:			
Receivables	**$ (41.0)**	$ (44.6)	$ (24.2)

Inventories	**(88.3)**	18.7	144.5
Prepaid expenses and other current assets	**10.5**	(64.3)	149.4
Accounts payable	**191.5**	263.6	12.1
Other current liabilities	**(104.9)**	297.7	(38.0)
Changes in current assets and liabilities	**$ (32.2)**	$ 471.1	$ 243.8

See accompanying notes to consolidated financial statements.

NOTE 1. BASIS OF PRESENTATION AND RECLASSIFICATIONS

Basis of Presentation
Our Consolidated Financial Statements include the accounts of General Mills, Inc. and all subsidiaries in which we have a controlling financial interest. Intercompany transactions and accounts, including any noncontrolling and redeemable interests' share of those transactions, are eliminated in consolidation.

Our fiscal year ends on the last Sunday in May. Fiscal years 2014, 2013 and 2012 each consisted of 52 weeks.

Change in Reporting Period
As part of a long-term plan to conform the fiscal year ends of all our operations, we have changed the reporting period of certain countries within our International segment from an April fiscal year end to a May fiscal year end to match our fiscal calendar. Accordingly, in the year of change, our results include 13 months of results from the affected operations compared to 12 months in previous fiscal years. We changed the reporting period for our operations in Europe and Australia in fiscal 2013, and we changed the reporting period for our operations in China in fiscal 2012. The impact of these changes was not material to our consolidated results of operations and, therefore, we did not restate prior period financial statements for comparability. Our Yoplait S.A.S., Yoplait Marques S.A.S., Yoki Alimentos S.A. (Yoki), and India businesses remain on an April fiscal year end.

Certain reclassifications to our previously reported financial information have been made to conform to the current period presentation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents
We consider all investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories
All inventories in the United States other than grain are valued at the lower of cost, using the last-in, first-out (LIFO) method, or market. Grain inventories and all related cash contracts and derivatives are valued at market with all net changes in value recorded in earnings currently.

Inventories outside of the United States are generally valued at the lower of cost, using the first-in, first-out (FIFO) method, or market.

Shipping costs associated with the distribution of finished product to our customers are recorded as cost of sales, and are recognized when the related finished product is shipped to and accepted by the customer.

Land, Buildings, Equipment, and Depreciation
Land is recorded at historical cost. Buildings and equipment, including capitalized interest and internal engineering costs, are recorded at cost and depreciated over estimated useful lives, primarily using the straight-line method. Ordinary maintenance and repairs are charged to cost of sales. Buildings are usually depreciated over 40 to 50 years, and equipment, furniture, and software are usually depreciated over 3 to 10 years. Fully depreciated assets are retained in buildings and equipment until disposal. When an item is sold or retired, the accounts are relieved of its cost and related accumulated depreciation and the resulting gains and losses, if any, are recognized in earnings. As of May 25, 2014, assets held for sale were insignificant.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group over its fair value. Fair value is measured using a discounted cash flow model or independent appraisals, as appropriate.

Goodwill and Other Intangible Assets

Goodwill is not subject to amortization and is tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Impairment testing is performed for each of our reporting units. We compare the carrying value of a reporting unit, including goodwill, to the fair value of the unit. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit, which often requires allocation of shared or corporate items among reporting units. If the carrying amount of a reporting unit exceeds its fair value, we revalue all assets and liabilities of the reporting unit, excluding goodwill, to determine if the fair value of the net assets is greater than the net assets including goodwill. If the fair value of the net assets is less than the carrying amount of net assets including goodwill, impairment has occurred. Our estimates of fair value are determined based on a discounted cash flow model. Growth rates for sales and profits are determined using inputs from our long-range planning process. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors.

We evaluate the useful lives of our other intangible assets, mainly brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets. Intangible assets that are deemed to have definite lives are amortized on a straight-line basis, over their useful lives, generally ranging from 4 to 30 years.

Our indefinite-lived intangible assets, mainly intangible assets primarily associated with the *Pillsbury*, *Totino's*, *Progresso*, *Green Giant*, *Yoplait*, *Old El Paso*, *Yoki*, and *Häagen-Dazs* brands, are also tested for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Our estimate of the fair value of the brands is based on a discounted cash flow model using inputs which included projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate.

Our finite-lived intangible assets, primarily acquired franchise agreements and customer relationships, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the operation and disposition of the asset are less than the carrying amount of the asset. Assets generally have identifiable cash flows and are largely independent of other assets. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset over its fair value. Fair value is measured using a discounted cash flow model or other similar valuation model, as appropriate.

Investments in Joint Ventures

Our investments in companies over which we have the ability to exercise significant influence are stated at cost plus our share of undistributed earnings or losses. We receive royalty income from certain joint ventures, incur various expenses (primarily research and development), and record the tax impact of certain joint venture operations that are structured as partnerships. In addition, we make advances to our joint ventures in the form of loans or capital investments. We also sell certain raw materials, semi-finished goods, and finished goods to the joint ventures, generally at market prices.

In addition, we assess our investments in our joint ventures if we have reason to believe an impairment may have occurred including, but not limited to, ongoing operating losses, projected decreases in earnings, increases in the weighted average cost of capital or significant business disruptions. The significant assumptions used to estimate fair value include revenue growth and profitability, royalty rates, capital spending, depreciation and taxes, foreign currency exchange rates, and a discount rate. By their nature, these projections and assumptions are uncertain. If we were to determine the current fair value of our investment was less than the carrying value of the investment, then we would assess if the shortfall was of a temporary or permanent nature and write down the investment to its fair value if we concluded the impairment is other than temporary.

Redeemable Interest
We have a 51 percent controlling interest in Yoplait S.A.S., a consolidated entity. Sodiaal International (Sodiaal) holds the remaining 49 percent interest in Yoplait S.A.S. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value once per year up to a maximum remaining term of 6 years. This put option requires us to classify Sodiaal's interest as a redeemable interest outside of equity on our Consolidated Balance Sheets for as long as the put is exercisable by Sodiaal. When the put is no longer exercisable, the redeemable interest will be reclassified to noncontrolling interests on our Consolidated Balance Sheets. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest's redemption value, which approximates its fair value. During the third quarter of fiscal 2014, we adjusted the redeemable interest's redemption value based on a discounted cash flow model. The significant assumptions used to estimate the redemption value include projected revenue growth and profitability from our long-range plan, capital spending, depreciation, taxes, foreign currency rates, and a discount rate.

Revenue Recognition
We recognize sales revenue when the shipment is accepted by our customer. Sales include shipping and handling charges billed to the customer and are reported net of consumer coupon redemption, trade promotion and other costs, including estimated allowances for returns, unsalable product, and prompt pay discounts. Sales, use, value-added, and other excise taxes are not recognized in revenue. Coupons are recorded when distributed, based on estimated redemption rates. Trade promotions are recorded based on estimated participation and performance levels for offered programs at the time of sale. We generally do not allow a right of return. However, on a limited case-by-case basis with prior approval, we may allow customers to return product. In limited circumstances, product returned in saleable condition is resold to other customers or outlets. Receivables from customers generally do not bear interest. Terms and collection patterns vary around the world and by channel. The allowance for doubtful accounts represents our estimate of probable non-payments and credit losses in our existing receivables, as determined based on a review of past due balances and other specific account data. Account balances are written off against the allowance when we deem the amount is uncollectible.

Environmental
Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed. Liabilities for anticipated remediation costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or our commitment to a plan of action.

Advertising Production Costs
We expense the production costs of advertising the first time that the advertising takes place.

Research and Development
All expenditures for research and development (R&D) are charged against earnings in the year incurred. R&D includes expenditures for new product and manufacturing process innovation, and the annual expenditures are comprised primarily of internal salaries, wages, consulting, and other supplies attributable to time spent on R&D activities. Other costs include depreciation and maintenance of research facilities, including assets at facilities that are engaged in pilot plant activities.

Foreign Currency Translation
For all significant foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the period-end exchange rates. Income statement accounts are translated using the average exchange rates prevailing during the year. Translation adjustments are reflected within accumulated other comprehensive loss (AOCI) in stockholders' equity. Gains and losses from foreign currency transactions are included in net earnings for the period, except for gains and losses on investments in subsidiaries for which settlement is not planned for the foreseeable future and foreign exchange gains and losses on instruments designated as net investment hedges. These gains and losses are recorded in AOCI.

Derivative Instruments
All derivatives are recognized on the Consolidated Balance Sheets at fair value based on quoted market prices or our estimate of their fair value, and are recorded in either current or noncurrent assets or liabilities based on their maturity. Changes in the fair values of derivatives are recorded in net earnings or other comprehensive income, based on whether the instrument is designated and effective as a hedge transaction and, if so, the type of hedge transaction. Gains or losses on derivative instruments reported in AOCI are reclassified to earnings in the period the hedged item affects earnings. If the underlying hedged transaction ceases to exist, any associated amounts reported in AOCI are reclassified to earnings at that time. Any ineffectiveness is recognized in earnings in the current period.

Stock-based Compensation
We generally measure compensation expense for grants of restricted stock units using the value of a share of our stock on the date of grant. We estimate the value of stock option grants using a Black-Scholes valuation model. Stock compensation is recognized straight line over the vesting period. Our stock compensation expense is recorded in selling, general and administrative (SG&A) expenses and cost of sales in the Consolidated Statements of Earnings and allocated to each reportable segment in our segment results.

Certain equity-based compensation plans contain provisions that accelerate vesting of awards upon retirement, termination, or death of eligible employees and directors. We consider a stock-based award to be vested when the employee's retention of the award is no longer contingent on providing subsequent service. Accordingly, the related compensation cost is recognized immediately for awards granted to retirement-eligible individuals or over the period from the grant date to the date retirement eligibility is achieved, if less than the stated vesting period.

We report the benefits of tax deductions in excess of recognized compensation cost as a financing cash flow, thereby reducing net operating cash flows and increasing net financing cash flows.

Defined Benefit Pension, Other Postretirement Benefit, and Postemployment Benefit Plans
We sponsor several domestic and foreign defined benefit plans to provide pension, health care, and other welfare benefits to retired employees. Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States and Canada and members of our Board of Directors, including severance and certain other benefits payable upon death. We recognize an obligation for any of these benefits that vest or accumulate with service. Postemployment benefits that do not vest or accumulate with service (such as severance based solely on annual pay rather than years of service) are charged to expense when incurred. Our postemployment benefit plans are unfunded.

We recognize the underfunded or overfunded status of a defined benefit pension plan as an asset or liability and recognize changes in the funded status in the year in which the changes occur through AOCI.

Use of Estimates
Preparing our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include our accounting for promotional expenditures, valuation of long-lived assets, intangible assets, redeemable interest, stock-based compensation, income taxes, and defined benefit pension, postretirement and postemployment benefits. Actual results could differ from our estimates.

NOTE 3. ACQUISITIONS AND DIVESTITURES

During the fourth quarter of fiscal 2014, we sold certain grain elevators in our U.S. Retail segment for $121.6 million in cash, subject to a working capital adjustment, and recorded a pre-tax gain of $65.5 million.

On August 1, 2012, we acquired Yoki, a privately held food company headquartered in Sao Bernardo do Campo, Brazil, for an aggregate purchase price of $939.8 million, including $88.8 million of non-cash consideration for net debt assumed. Yoki operates in several food categories, including snacks, convenient meals, basic foods, and seasonings. We consolidated Yoki into our Consolidated Balance Sheets and recorded goodwill of $363.0 million. Indefinite lived intangible assets acquired include brands of $253.0 million. Finite lived intangible assets acquired primarily include customer relationships of $17.5 million. The pro forma effects of this acquisition were not material.

NOTE 4. RESTRUCTURING, IMPAIRMENT, AND OTHER EXIT COSTS

We view our restructuring activities as actions that help us meet our long-term growth targets. Activities we undertake must meet internal rate of return and net present value targets. Each restructuring action normally takes one to two years to complete. At completion (or as each major stage is completed in the case of multi-year programs), the project begins to deliver cash savings and/or reduced depreciation. These activities result in various restructuring costs, including asset write-offs, exit charges including severance, contract termination fees, and decommissioning and other costs. Depreciation associated with restructured assets, as used in the context of our disclosures regarding restructuring activity, refers to the increase in depreciation expense caused by shortening the useful life or updating the salvage value of depreciable fixed assets to coincide with the end of production under an approved restructuring plan. Any impairment of the asset is recognized immediately in the period the plan is approved.

In fiscal 2014, we recorded restructuring, impairment, and other exit costs pursuant to approved plans as follows:

Expense, in Millions	
Charges associated with restructuring actions previously announced	**$3.6**
Total	**$3.6**

In fiscal 2014, the restructuring charge related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012. These restructuring actions were completed in fiscal 2014. In fiscal 2014, we paid $22.4 million in cash related to restructuring actions.

In fiscal 2013, we recorded restructuring, impairment, and other exit costs pursuant to approved plans as follows:

Expense, in Millions	
Charges associated with restructuring actions previously announced	$19.8
Total	$19.8

In fiscal 2013, the restructuring charge was primarily related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012, consisting of $10.6 million of employee severance expense and other exit costs of $8.0 million. In fiscal 2013, we paid $79.9 million in cash related to restructuring actions.

In fiscal 2012, we recorded restructuring, impairment, and other exit costs pursuant to approved plans as follows:

Expense, in Millions	
Productivity and cost savings plan	$100.6
Charges associated with restructuring actions previously announced	1.0
Total	$101.6

In fiscal 2012, we recorded a $100.6 million restructuring charge related to a productivity and cost savings plan approved in the fourth quarter of fiscal 2012. The plan was designed to improve organizational effectiveness and focus on key growth strategies, and included organizational changes to strengthen business alignment and actions to accelerate administrative efficiencies across all of our operating segments and support functions. In connection with this initiative, we eliminated approximately 850 positions globally. The restructuring charge consisted of $87.6 million of employee severance expense and a non-cash charge of $13.0 million related to the write-off of certain long-lived assets in our U.S. Retail segment. All of our operating segments and support functions were affected by these actions including $69.9 million related to our U.S. Retail segment, $12.2 million related to our Convenience Stores and Foodservice segment, $9.5 million related to our International segment, and $9.0 million related to our administrative functions. In fiscal 2012, we paid $3.8 million in cash related to restructuring actions taken in fiscal 2012 and previous years.

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

In Millions	**Severance**	**Contract Termination**	**Other Exit Costs**	**Total**
Reserve balance as of May 29, 2011	$ 1.7	$ 5.5	$ —	$ 7.2
2012 charges, including foreign currency translation	82.4	—	—	82.4
Utilized in 2012	(1.0)	(2.8)	0.1	(3.7)
Reserve balance as of May 27, 2012	83.1	2.7	0.1	85.9
2013 charges, including foreign currency translation	10.6	—	—	10.6
Utilized in 2013	(74.2)	(2.7)	(0.1)	(77.0)
Reserve balance as of May 26, 2013	19.5	—	—	19.5
2014 charges, including foreign currency translation	6.4	—	—	6.4
Utilized in 2014	(22.4)	—	—	(22.4)
Reserve balance as of May 25, 2014	**$ 3.5**	**$ —**	**$ —**	**$ 3.5**

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

NOTE 5. INVESTMENTS IN JOINT VENTURES

We have a 50 percent equity interest in Cereal Partners Worldwide (CPW), which manufactures and markets ready-to-eat cereal products in more than 130 countries outside the United States and Canada. CPW also markets cereal bars in several European countries and manufactures private label cereals for customers in the United Kingdom. We have guaranteed a portion of CPW's debt and its pension obligation in the United Kingdom.

We also have a 50 percent equity interest in Häagen-Dazs Japan, Inc. (HDJ). This joint venture manufactures and markets *Häagen-Dazs* ice cream products and frozen novelties.

Results from our CPW and HDJ joint ventures are reported for the 12 months ended March 31.

Joint venture related balance sheet activity follows:

In Millions	**May 25, 2014**	May 26, 2013
Cumulative investments	**$507.5**	$478.5
Goodwill and other intangibles	**563.2**	537.2
Aggregate advances	**332.0**	291.5

Joint venture earnings and cash flow activity follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Sales to joint ventures	**$12.1**	$ 12.3	$10.4
Net advances	**54.9**	36.7	22.2
Dividends received	**90.5**	115.7	68.0

Summary combined financial information for the joint ventures on a 100 percent basis follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Net sales:			
CPW	**$2,107.9**	$2,132.2	$2,152.6
HDJ	**386.9**	420.5	428.9
Total net sales	**2,494.8**	2,552.7	2,581.5
Gross margin	**1,030.3**	1,057.3	1,084.1
Earnings before income taxes	**219.1**	260.3	250.3
Earnings after income taxes	**168.8**	201.6	189.0

In Millions	**May 25, 2014**	May 26, 2013
Current assets	**$1,031.1**	$ 976.7
Noncurrent assets	**1,129.8**	1,088.2
Current liabilities	**1,779.0**	1,717.4
Noncurrent liabilities	**110.3**	115.1

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

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

In Millions	May 25, 2014	May 26, 2013
Goodwill	**$ 8,650.5**	$ 8,622.2
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	**4,504.1**	4,499.5
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	**630.7**	602.6
Less accumulated amortization	**(120.5)**	(87.0)
Intangible assets subject to amortization	**510.2**	515.6
Other intangible assets	**5,014.3**	5,015.1
Total	**$13,664.8**	$13,637.3

Based on the carrying value of finite-lived intangible assets as of May 25, 2014, amortization expense for each of the next five fiscal years is estimated to be approximately $30 million.

The changes in the carrying amount of goodwill for fiscal 2012, 2013, and 2014 are as follows:

In Millions	U.S. Retail	International	Convenience Stores and Foodservice	Joint Ventures	Total
Balance as of May 29, 2011	$5,142.9	$ 162.6	$921.1	$524.2	$6,750.8
Acquisitions	670.3	946.4	—	—	1,616.7
Other activity, primarily foreign currency translation	—	(119.1)	—	(65.9)	(185.0)
Balance as of May 27, 2012	5,813.2	989.9	921.1	458.3	8,182.5
Acquisitions	28.2	378.8	—	—	407.0
Other activity, primarily foreign currency translation	—	18.3	—	14.4	32.7
Balance as of May 26, 2013	5,841.4	1,387.0	921.1	472.7	8,622.2
Divestiture	(12.2)	—	—	—	(12.2)
Other activity, primarily foreign currency translation	—	15.0	—	25.5	40.5
Balance as of May 25, 2014	**$5,829.2**	**$1,402.0**	**$921.1**	**$498.2**	**$8,650.5**

We performed our fiscal 2014 impairment assessment as of November 25, 2013, and determined there was no impairment of goodwill for any of our reporting units as their related fair values were substantially in excess of their carrying values. Our Europe and Yoplait U.S. reporting units have experienced declining business performance. While these reporting units had significant coverage as of the assessment date, we will continue to monitor these businesses.

The changes in the carrying amount of other intangible assets for fiscal 2012, 2013, and 2014 are as follows:

In Millions	U.S. Retail	International	Joint Ventures	Total
Balance as of May 29, 2011	$3,242.5	$ 497.9	$72.9	$3,813.3
Acquisitions	58.2	1,050.3	—	1,108.5
Other activity, primarily foreign currency translation	(3.7)	(204.1)	(9.1)	(216.9)
Balance as of May 27, 2012	3,297.0	1,344.1	63.8	4,704.9
Acquisitions	20.0	290.7	—	310.7
Other activity, primarily foreign currency translation	(4.6)	3.4	0.7	(0.5)
Balance as of May 26, 2013	3,312.4	1,638.2	64.5	5,015.1
Other activity, primarily foreign currency translation	(4.9)	3.6	0.5	(0.8)
Balance as of May 25, 2014	**$3,307.5**	**$1,641.8**	**$65.0**	**$5,014.3**

We performed our fiscal 2014 impairment assessment as of November 25, 2013. As of our assessment date, there was no impairment of any of our indefinite-lived intangible assets as their related fair values were substantially in excess of the carrying values, except for the *Uncle Toby's* brand, which had a fair value 8 percent greater than its carrying value of $63.0 million. In addition, our *Mountain High* brand had a fair value 23 percent greater than its carrying value of $35.0 million. We will continue to monitor these businesses.

NOTE 7. FINANCIAL INSTRUMENTS, RISK MANAGEMENT ACTIVITIES, AND FAIR VALUES

FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, receivables, accounts payable, other current liabilities, and notes payable approximate fair value. Marketable securities are carried at fair value. As of May 25, 2014, and May 26, 2013, a comparison of cost and market values of our marketable debt and equity securities is as follows:

	Cost		Market Value		Gross Gains		Gross Losses	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
In Millions	2014	2013	2014	2013	2014	2013	2014	2013
Available for sale:								
Debt securities	**$318.6**	$134.0	**$318.8**	$134.1	**$0.2**	$0.1	**$ —**	$ —
Equity securities	**1.8**	1.8	**7.2**	6.4	**5.4**	4.6	**—**	—
Total	**$320.4**	$135.8	**$326.0**	$140.5	**$5.6**	$4.7	**$ —**	$ —

Earnings include no realized gains or losses from sales of available-for-sale marketable securities. Gains and losses are determined by specific identification. Classification of marketable securities as current or noncurrent is dependent upon our intended holding period, the security's maturity date, or both. The aggregate unrealized gains and losses on available-for-sale securities, net of tax effects, are classified in AOCI within stockholders' equity.

Scheduled maturities of our marketable securities are as follows:

	Available for Sale	
In Millions	**Cost**	**Market Value**
Under 1 year (current)	$316.9	$317.1
From 1 to 3 years	1.1	1.1
From 4 to 7 years	0.6	0.6
Equity securities	1.8	7.2
Total	$320.4	$326.0

Marketable securities with a market value of $2.3 million as of May 25, 2014, were pledged as collateral for derivative contracts. As of May 25, 2014, $43.1 million of certain accounts receivable are pledged as collateral against a foreign uncommitted line of credit.

The fair value and carrying amounts of long-term debt, including the current portion, were $8,188.6 million and $7,674.1 million, respectively, as of May 25, 2014. The fair value of long-term debt was estimated using market quotations and discounted cash flows based on our current incremental borrowing rates for similar types of instruments. Long-term debt is a Level 2 liability in the fair value hierarchy.

RISK MANAGEMENT ACTIVITIES

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

COMMODITY PRICE RISK

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

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

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

Unallocated corporate items for fiscal 2014, 2013 and 2012 included:

In Millions	Fiscal Year 2014	2013	2012
Net loss on mark-to-market valuation of commodity positions	**$ (4.9)**	$ (7.6)	$(122.5)
Net loss on commodity positions reclassified from unallocated corporate items to segment operating profit	**51.2**	13.7	35.7
Net mark-to-market revaluation of certain grain inventories	**2.2**	(1.7)	(17.4)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	**$ 48.5**	$ 4.4	$(104.2)

As of May 25, 2014, the net notional value of commodity derivatives was $304.9 million, of which $124.1 million related to agricultural inputs and $180.8 million related to energy inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

INTEREST RATE RISK

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

Floating Interest Rate Exposures — Floating-to-fixed interest rate swaps are accounted for as cash flow hedges, as are all hedges of forecasted issuances of debt. Effectiveness is assessed based on either the perfectly effective hypothetical derivative method or changes in the present value of interest payments on the underlying debt. Effective gains and losses deferred to AOCI are reclassified into earnings over the life of the associated debt. Ineffective gains and losses are recorded as net interest. The amount of hedge ineffectiveness was less than $1 million in each of fiscal 2014, 2013, and 2012.

Fixed Interest Rate Exposures — Fixed-to-floating interest rate swaps are accounted for as fair value hedges with effectiveness assessed based on changes in the fair value of the underlying debt and derivatives, using incremental borrowing rates currently available on loans with similar terms and maturities. Ineffective gains and losses on these derivatives and the underlying hedged items are recorded as net interest. The amount of hedge ineffectiveness was less than $1 million in each of fiscal 2014, 2013, and 2012.

In advance of planned debt financing, we entered into $250.0 million of treasury locks with an average fixed rate of 1.99 percent. All of these treasury locks were cash settled for $17.9 million during the third quarter of fiscal 2014, coincident with the issuance of our $500.0 million 10-year fixed-rate notes.

During the third quarter of fiscal 2013, we entered into swaps to convert $250.0 million of 0.875 percent fixed-rate notes due January 29, 2016, to floating rates.

As of May 25, 2014, the pre-tax amount of cash-settled interest rate hedge gain or loss remaining in AOCI which will be reclassified to earnings over the remaining term of the related underlying debt follows:

In Millions	**Gain/(Loss)**
5.2% notes due March 17, 2015	**$ (0.4)**
5.7% notes due February 15, 2017	**(6.0)**
5.65% notes due February 15, 2019	**2.3**
3.15% notes due December 15, 2021	**(74.8)**
3.65% notes due February 15, 2024	**17.3**
5.4% notes due June 15, 2040	**(14.5)**
4.15% notes due February 15, 2043	**11.3**
Net pre-tax hedge loss in AOCI	**$(64.8)**

The following table summarizes the notional amounts and weighted-average interest rates of our interest rate derivatives. Average floating rates are based on rates as of the end of the reporting period.

In Millions	**May 25, 2014**	May 26, 2013
Pay-floating swaps—notional amount	**$250.0**	$550.0
Average receive rate	**0.9%**	1.1%
Average pay rate	**0.5%**	0.4%
Treasury locks—notional amount	**$ —**	$250.0

The swap contracts mature in fiscal 2016.

The following tables reconcile the net fair values of assets and liabilities subject to offsetting arrangements that are recorded in the Consolidated Balance Sheets to the net fair values that could be reported in the Consolidated Balance Sheets:

	May 25, 2014											
	Assets						Liabilities					
				Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)		
In Millions	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Received	Net Amount (d)
Commodity contracts	$19.1	$ —	$19.1	$ (3.4)	$ —	$15.7	$ (4.0)	$ —	$ (4.0)	$ 3.4	$ —	$ (0.6)
Interest rate contracts	0.7	—	0.7	—	—	0.7	—	—	—	—	—	—
Foreign exchange contracts	10.5	—	10.5	(8.0)	—	2.5	(19.1)	—	(19.1)	8.0	—	(11.1)
Total	**$30.3**	**$ —**	**$30.3**	**$(11.4)**	**$ —**	**$18.9**	**$(23.1)**	**$ —**	**$(23.1)**	**$11.4**	**$ —**	**$(11.7)**

(a) Includes related collateral offset in the Consolidated Balance Sheets.
(b) Net fair value as recorded in the Consolidated Balance Sheets.
(c) Fair value of assets that could be reported net in the Consolidated Balance Sheets.
(d) Fair value of liabilities that could be reported net in the Consolidated Balance Sheets.
(e) Fair value of assets and liabilities reported on a gross basis in the Consolidated Balance Sheets.

	May 26, 2013											
	Assets						Liabilities					
				Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)		
In Millions	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Received	Net Amount (d)
Commodity contracts	$33.0	$(19.6)	$13.4	$ —	$ —	$13.4	$(23.5)	$19.6	$(3.9)	$ —	$ —	$(3.9)
Interest rate contracts	10.3	—	10.3	—	—	10.3	—	—	—	—	—	—
Foreign exchange contracts	22.5	—	22.5	(1.7)	—	20.8	(1.7)	—	(1.7)	1.7	—	—
Total	**$65.8**	**$(19.6)**	**$46.2**	**$(1.7)**	**$ —**	**$44.5**	**$(25.2)**	**$19.6**	**$(5.6)**	**$ 1.7**	**$ —**	**$(3.9)**

(a) Includes related collateral offset in the Consolidated Balance Sheets.
(b) Net fair value as recorded in the Consolidated Balance Sheets.
(c) Fair value of assets that could be reported net in the Consolidated Balance Sheets.
(d) Fair value of liabilities that could be reported net in the Consolidated Balance Sheets.
(e) Fair value of assets and liabilities reported on a gross basis in the Consolidated Balance Sheets.

FOREIGN EXCHANGE RISK

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

As of May 25, 2014, the net notional value of foreign exchange derivatives was $1,222.9 million. The amount of hedge ineffectiveness was less than $1 million in each of fiscal 2014, 2013, and 2012.

We also have many net investments in foreign subsidiaries that are denominated in euros. We previously hedged a portion of these net investments by issuing euro-denominated commercial paper and foreign exchange forward contracts. During the second quarter of fiscal 2014, we entered into a net investment hedge for a portion of our net investment in foreign operations denominated in euros by issuing €500.0 million of euro-denominated bonds. As of May 25, 2014, we had deferred net foreign currency transaction losses of $104.3 million in AOCI associated with hedging activity.

Venezuela is a highly inflationary economy and as such, we remeasure the value of the assets and liabilities of our Venezuelan subsidiary based on the exchange rate at which we expect to remit dividends in U.S. dollars. In February 2013, the Venezuelan government devalued the bolivar by resetting the official exchange rate. The effect of the devaluation in fiscal 2013 was a $25.2 million foreign exchange loss in segment operating profit resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary. On February 19, 2014, the Venezuelan government established a new foreign exchange market mechanism (“SICAD 2”) and has indicated that this will be the market through which U.S. dollars will be obtained for the remittance of dividends. This market has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. In the fourth quarter of fiscal 2014, we recorded a $62.2 million foreign exchange loss in the International segment operating profit resulting from the remeasurement of assets and liabilities of our Venezuelan subsidiary at the SICAD 2 rate of 50.0 bolivars per U.S. dollar. We have been able to access U.S. dollars through the SICAD 2 market. Our Venezuela operations represent less than 1 percent of our consolidated assets, liabilities, net sales, and segment operating profit. At May 25, 2014, we had $2.6 million of non-U.S. dollar cash balances in Venezuela.

EQUITY INSTRUMENTS

Equity price movements affect our compensation expense as certain investments made by our employees in our deferred compensation plan are revalued. We use equity swaps to manage this risk. As of May 25, 2014, the net notional amount of our equity swaps was $104.4 million. These swap contracts mature in fiscal 2015.

FAIR VALUE MEASUREMENTS AND FINANCIAL STATEMENT PRESENTATION

The fair values of our assets, liabilities, and derivative positions recorded at fair value and their respective levels in the fair value hierarchy as of May 25, 2014 and May 26, 2013, were as follows:

	May 25, 2014				May 25, 2014			
	Fair Values of Assets				Fair Values of Liabilities			
In Millions	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	$ —	$ 0.7	$ —	$ 0.7	$ —	$ —	$ —	$ —
Foreign exchange contracts (c) (d)	—	9.9	—	9.9	—	(12.6)	—	(12.6)
Total	—	10.6	—	10.6	—	(12.6)	—	(12.6)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts (c) (d)	—	0.6	—	0.6	—	(6.5)	—	(6.5)
Commodity contracts (c) (e)	11.1	8.0	—	19.1	—	(4.0)	—	(4.0)
Grain contracts (c) (e)	—	7.5	—	7.5	—	(4.9)	—	(4.9)
Total	11.1	16.1	—	27.2	—	(15.4)	—	(15.4)
Other assets and liabilities reported at fair value:								
Marketable investments (a) (f)	7.2	318.8	—	326.0	—	—	—	—
Total	7.2	318.8	—	326.0	—	—	—	—
Total assets, liabilities, and derivative positions recorded at fair value	$18.3	$345.5	$ —	$363.8	$ —	$(28.0)	$ —	$(28.0)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.
(b) Based on LIBOR and swap rates.
(c) These contracts are recorded as prepaid expenses and other current assets or as other current liabilities, as appropriate, based on whether in a gain or loss position.
(d) Based on observable market transactions of spot currency rates and forward currency prices.
(e) Based on prices of futures exchanges and recently reported transactions in the marketplace.
(f) Based on prices of common stock and bond matrix pricing.

In Millions	May 26, 2013 Fair Values of Assets Level 1	Level 2	Level 3	Total	May 26, 2013 Fair Values of Liabilities Level 1	Level 2	Level 3	Total
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	$ —	$ 10.3	$ —	$ 10.3	$ —	$ —	$ —	$ —
Foreign exchange contracts (c) (d)	—	15.7	—	15.7	—	(1.6)	—	(1.6)
Total	—	26.0	—	26.0	—	(1.6)	—	(1.6)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts (c) (d)	—	6.7	—	6.7	—	(0.1)	—	(0.1)
Equity contracts (a) (e)	—	—	—	—	—	(0.2)	—	(0.2)
Commodity contracts (c) (e)	10.3	3.1	—	13.4	—	(3.9)	—	(3.9)
Grain contracts (c) (e)	—	7.5	—	7.5	—	(30.4)	—	(30.4)
Total	10.3	17.3	—	27.6	—	(34.6)	—	(34.6)
Other assets and liabilities reported at fair value:								
Marketable investments (a) (f)	6.4	134.1	—	140.5	—	—	—	—
Total	6.4	134.1	—	140.5	—	—	—	—
Total assets, liabilities, and derivative positions recorded at fair value	$16.7	$177.4	$ —	$194.1	$ —	$(36.2)	$ —	$(36.2)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.
(b) Based on LIBOR and swap rates.
(c) These contracts are recorded as prepaid expenses and other current assets or as other current liabilities, as appropriate, based on whether in a gain or loss position.
(d) Based on observable market transactions of spot currency rates and forward currency prices.
(e) Based on prices of futures exchanges and recently reported transactions in the marketplace.
(f) Based on prices of common stock and bond matrix pricing.

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

Information related to our cash flow hedges, fair value hedges, and other derivatives not designated as hedging instruments for the fiscal years ended May 25, 2014, and May 26, 2013, follows:

In Millions	Interest Rate Contracts Fiscal Year		Foreign Exchange Contracts Fiscal Year		Equity Contracts Fiscal Year		Commodity Contracts Fiscal Year		Total Fiscal Year	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Derivatives in Cash Flow Hedging Relationships:										
Amount of gain recognized in other comprehensive income (OCI) (a)	**$ 10.6**	$ 19.1	**$ 0.6**	$16.4	**$ —**	$ —	**$ —**	$ —	**$ 11.2**	$ 35.5
Amount of net gain (loss) reclassified from AOCI into earnings (a) (b)	**(11.7)**	(12.5)	**16.4**	(4.8)	**—**	—	**—**	—	**4.7**	(17.3)
Amount of net gain (loss) recognized in earnings (c)	**—**	—	**(0.1)**	0.4	**—**	—	**—**	—	**(0.1)**	0.4
Derivatives in Fair Value Hedging Relationships:										
Amount of net gain recognized in earnings (d)	**0.2**	0.8	**—**	—	**—**	—	**—**	—	**0.2**	0.8
Derivatives Not Designated as Hedging Instruments:										
Amount of net gain (loss) recognized in earnings (d)	**—**	—	**(20.0)**	11.6	**9.8**	12.0	**(4.9)**	(7.6)	**(15.1)**	16.0

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

AMOUNTS RECORDED IN ACCUMULATED OTHER COMPREHENSIVE LOSS

As of May 25, 2014, the after-tax amounts of unrealized gains and losses in AOCI related to hedge derivatives follows:

In Millions	After-Tax Gain/(Loss)
Unrealized losses from interest rate cash flow hedges	**$(39.4)**
Unrealized gains from foreign currency cash flow hedges	**0.6**
After-tax loss in AOCI related to hedge derivatives	**$(38.8)**

The net amount of pre-tax gains and losses in AOCI as of May 25, 2014, that we expect to be reclassified into net earnings within the next 12 months is $7.4 million of loss.

CREDIT-RISK-RELATED CONTINGENT FEATURES

Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on May 25, 2014, was $9.0 million. We have posted no collateral under these contracts. If the credit-risk-related contingent features underlying these agreements had been triggered on May 25, 2014, we would have been required to post $9.0 million of collateral to counterparties.

CONCENTRATIONS OF CREDIT AND COUNTERPARTY CREDIT RISK

During fiscal 2014, Wal-Mart Stores, Inc. and its affiliates (Wal-Mart) accounted for 21 percent of our consolidated net sales and 30 percent of our net sales in the U.S. Retail segment. No other customer accounted for 10 percent or more of our consolidated net sales. Wal-Mart also represented 7 percent of our net sales in the International segment and 7 percent of our net sales in the Convenience Stores and Foodservice segment. As of May 25, 2014, Wal-Mart accounted for 31 percent of our U.S. Retail receivables, 5 percent of our International receivables, and 9 percent of our Convenience Stores and Foodservice receivables. The five largest customers in our U.S. Retail segment accounted for 53 percent of its fiscal 2014 net sales, the five largest customers in our International segment accounted for 25 percent of its fiscal 2014 net sales, and the five largest customers in our Convenience Stores and Foodservice segment accounted for 42 percent of its fiscal 2014 net sales.

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

The amount of loss due to the credit risk of the counterparties, should the counterparties fail to perform according to the terms of the contracts, is $5.9 million against which we do not hold collateral. Under the terms of our swap agreements, some of our transactions require collateral or other security to support financial instruments subject to threshold levels of exposure and counterparty credit risk. Collateral assets are either cash or U.S. Treasury instruments and are held in a trust account that we may access if the counterparty defaults.

We offer certain suppliers access to a third party service that allows them to view our scheduled payments online. The third party service also allows suppliers to finance advances on our scheduled payments at the sole discretion of the supplier and the third party. We have no economic interest in these financing arrangements and no direct relationship with the suppliers, the third party, or any financial institutions concerning this service. All of our accounts payable remain as obligations to our suppliers as stated in our supplier agreements. As of May 25, 2014, $285.5 million of our total accounts payable is payable to suppliers who utilize this third party service.

NOTE 8. DEBT

Notes Payable

The components of notes payable and their respective weighted-average interest rates at the end of the periods were as follows:

	May 25, 2014		May 26, 2013	
In Millions	**Notes Payable**	**Weighted-Average Interest Rate**	Notes Payable	Weighted-Average Interest Rate
U.S. commercial paper	**$1,007.6**	**0.2%**	$515.5	0.2%
Financial institutions	**104.1**	**12.1**	84.2	13.0
Total	**$1,111.7**	**1.3%**	$599.7	2.0%

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

The following table details the fee-paid committed and uncommitted credit lines we had available as of May 25, 2014:

In Billions	Facility Amount	Borrowed Amount
Credit facility expiring:		
April 2017	$1.7	$ —
May 2019	1.0	—
Total committed credit facilities	2.7	—
Uncommitted credit facilities	0.4	0.1
Total committed and uncommitted credit facilities	$3.1	$0.1

In May 2014, we entered into a $1.0 billion fee-paid committed credit facility that is scheduled to expire in May 2019. Concurrent with the execution of this credit facility, we terminated our credit facility that provided $1.0 billion of revolving credit which was scheduled to expire in April 2015.

The credit facilities contain covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times. We were in compliance with all credit facility covenants as of May 25, 2014.

Long-Term Debt

In May 2014, we repaid $400.0 million of floating-rate notes and $300.0 million of 1.55 percent notes.

In January 2014, we issued $500.0 million aggregate principal amount of 3.65 percent fixed-rate notes due February 15, 2024 and $250.0 million aggregate principal amount of floating-rate notes due January 28, 2016. Interest on the fixed-rate notes is payable semi-annually in arrears. The fixed-rate notes may be redeemed in whole, or in part, at our option at any time prior to November 15, 2023 for a specified make whole amount and any time on or after that date at par. The floating-rate notes bear interest equal to three-month LIBOR plus 20 basis points, subject to quarterly reset. Interest on the floating-rate notes is payable quarterly in arrears. The floating-rate notes are not redeemable prior to maturity. The fixed-rate and floating-rate notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used for general corporate purposes and to reduce our commercial paper borrowings.

In November 2013, we issued €500.0 million aggregate principal amount of 2.1 percent fixed-rate notes due November 16, 2020. Interest on the notes is payable annually in arrears. The notes may be redeemed in whole, or in part, at our option at any time prior to August 16, 2020 for a specified make whole amount and any time on or after that date at par. These notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used for general corporate purposes and to reduce our commercial paper borrowings.

In January 2013, we issued $250.0 million aggregate principal amount of floating-rate notes due January 29, 2016. In October 2013, we issued an additional $250.0 million aggregate principal amount of these notes. The notes bear interest equal to three-month LIBOR plus 30 basis points, subject to quarterly reset. Interest on the notes is payable quarterly in arrears. The notes are not redeemable prior to maturity. These notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used to reduce our commercial paper borrowings.

In August 2013, we repaid $700.0 million of 5.25 percent notes.

In January 2013, we issued $750.0 million aggregate principal amount of fixed-rate notes. The issuance consisted of $250.0 million 0.875 percent notes due January 29, 2016 and $500.0 million 4.15 percent notes due February 15, 2043. Interest on the fixed-rate notes is payable semi-annually in arrears. The fixed-rate notes due January 29, 2016 may be redeemed in whole, or in part, at our option at any time for a specified make whole amount. The fixed-rate notes due February 15, 2043 may be redeemed in whole, or in part, at our option at any time prior to August 15, 2042 for a specified make whole amount and any time on or after that date at par. These notes are senior unsecured obligations that include a change of control repurchase provision. The net proceeds were used to reduce our commercial paper borrowings.

In September 2012, we repaid $520.8 million of 5.65 percent notes.

Certain of our long-term debt agreements contain restrictive covenants. As of May 25, 2014, we were in compliance with all of these covenants.

As of May 25, 2014, the $64.8 million pre-tax loss recorded in AOCI associated with our previously designated interest rate swaps will be reclassified to net interest over the remaining lives of the hedged transactions. The amount expected to be reclassified from AOCI to net interest in fiscal 2015 is a $10.6 million pre-tax loss.

A summary of our long-term debt is as follows:

In Millions	**May 25, 2014**	May 26, 2013
5.65% notes due February 15, 2019	**$ 1,150.0**	$ 1,150.0
5.7% notes due February 15, 2017	**1,000.0**	1,000.0
3.15% notes due December 15, 2021	**1,000.0**	1,000.0
5.2% notes due March 17, 2015	**750.0**	750.0
5.25% notes due August 15, 2013	**—**	700.0
2.1% notes due November 16, 2020	**681.5**	—
5.4% notes due June 15, 2040	**500.0**	500.0
4.15% notes due February 15, 2043	**500.0**	500.0
3.65% notes due February 15, 2024	**500.0**	—
Floating-rate notes due January 29, 2016	**500.0**	250.0
Floating-rate notes due May 16, 2014	**—**	400.0
Euribor-based floating-rate note due December 15, 2014	**395.3**	368.6
1.55% notes due May 16, 2014	**—**	300.0
0.875% notes due January 29, 2016	**250.0**	250.0
Floating-rate notes due January 28, 2016	**250.0**	—
Medium-term notes, 0.02% to 6.4%, due fiscal 2015 or later	**204.2**	204.2
Other, including capital leases	**(6.9)**	(3.4)
	7,674.1	7,369.4
Less amount due within one year	**(1,250.6)**	(1,443.3)
Total long-term debt	**$ 6,423.5**	$ 5,926.1

Principal payments due on long-term debt in the next five years based on stated contractual maturities, our intent to redeem, or put rights of certain note holders are $1,250.6 million in fiscal 2015, $1,000.6 million in fiscal 2016, $1,000.0 million in fiscal 2017, $100.0 million in fiscal 2018, and $1,150.0 million in fiscal 2019.

NOTE 9. REDEEMABLE AND NONCONTROLLING INTERESTS

Our principal redeemable and noncontrolling interests relate to our Yoplait S.A.S., Yoplait Marques S.A.S., Liberté Marques, S.a.r.l., and General Mills Cereals, LLC (GMC) subsidiaries. In addition, we have seven foreign subsidiaries that have noncontrolling interests totaling $5.8 million as of May 25, 2014.

We have a 51 percent controlling interest in Yoplait S.A.S. and a 50 percent interest in Yoplait Marques S.A.S. Sodiaal holds the remaining interests in each of the entities. On the acquisition date in fiscal 2012, we recorded the $904.4 million fair value of Sodiaal's 49 percent euro-denominated interest in Yoplait S.A.S. as a redeemable interest on our Consolidated Balance Sheets. Sodiaal has the ability to put a limited portion of its redeemable interest to us at fair value once per year up to a maximum remaining term of 6 years. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest's redemption value, which approximates its fair value. Yoplait S.A.S. pays dividends annually if it meets certain financial metrics set forth in its shareholders agreement. As of May 25, 2014, the redemption value of the euro-denominated redeemable interest was $984.1 million.

In addition, a subsidiary of Yoplait S.A.S. has entered into an exclusive milk supply agreement for its European operations with Sodiaal at market-determined prices through July 1, 2021. Net purchases totaled $311.2 million for fiscal 2014 and $263.5 million for fiscal 2013.

On the acquisition date in fiscal 2012, we recorded the $263.8 million fair value of Sodiaal's 50 percent euro-denominated interest in Yoplait Marques S.A.S. as a noncontrolling interest on our Consolidated Balance Sheets. Yoplait Marques S.A.S. earns a royalty stream through a licensing agreement with Yoplait S.A.S. for the rights to the *Yoplait* and related trademarks. Yoplait Marques S.A.S. pays dividends annually based on its available cash as of its fiscal year end.

During the third quarter of fiscal 2014, we formed Liberté Marques, S.a.r.l. and sold a 50 percent euro-denominated interest in the entity to Sodiaal in exchange for $17.6 million. We recorded Sodiaal's 50 percent interest in the entity as a noncontrolling interest on our Consolidated Balance Sheets. Liberté Marques, S.a.r.l. earns a royalty stream through licensing agreements with certain Yoplait group companies for the rights to *Liberté* and related trademarks. Liberté Marques, S.a.r.l. pays dividends annually based on its available cash as of its fiscal year end.

During fiscal 2014, we paid $71.9 million of dividends to Sodiaal under the terms of the Yoplait S.A.S. and Yoplait Marques S.A.S. shareholder agreements.

During the first quarter of fiscal 2013, in conjunction with the consent of the Class A investor, we restructured GMC through the distribution of its manufacturing assets, stock, inventory, cash, and certain intellectual property to a wholly owned subsidiary. GMC retained the remaining intellectual property. Immediately following the restructuring, the Class A Interests of GMC were sold by the then current holder to another unrelated third-party investor.

The holder of the GMC Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate, currently equal to the sum of three-month LIBOR plus 110 basis points, to the holder's capital account balance established in the most recent mark-to-market valuation (currently $251.5 million). The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

For financial reporting purposes, the assets, liabilities, results of operations, and cash flows of our non-wholly owned subsidiaries are included in our Consolidated Financial Statements. The third-party investor's share of the net earnings of these subsidiaries is reflected in net earnings attributable to redeemable and noncontrolling interests in the Consolidated Statements of Earnings.

Our noncontrolling interests contain restrictive covenants. As of May 25, 2014, we were in compliance with all of these covenants.

NOTE 10. STOCKHOLDERS' EQUITY

Cumulative preference stock of 5.0 million shares, without par value, is authorized but unissued.

On June 28, 2010, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock. The Board terminated this authorization on May 6, 2014, and authorized the repurchase of up to 100 million shares of our common stock. Purchases under the authorization can be made in the open market or in privately negotiated transactions, including the use of call options and other derivative instruments, Rule 10b5-1 trading plans, and accelerated repurchase programs. The authorization has no specified termination date.

During fiscal 2014, we repurchased 35.6 million shares of common stock for an aggregate purchase price of $1,774.4 million. During fiscal 2013, we repurchased 24.2 million shares of common stock for an aggregate purchase price of $1,014.9 million. During fiscal 2012, we repurchased 8.3 million shares of common stock for an aggregate purchase price of $313.0 million.

During the fourth quarter of fiscal 2013, we entered into an Accelerated Share Repurchase (ASR) agreement with an unrelated third party financial institution to repurchase an aggregate of $300.0 million of our outstanding common stock. Under the ASR agreement, we paid $300.0 million to the financial institution and received 5.5 million shares of common stock with a fair value of $270.0 million during the fourth quarter of 2013. We received an additional 0.6 million shares of common stock upon completion of the ASR agreement during the first quarter of fiscal 2014. As of May 26, 2013, we recorded this transaction as an increase in treasury stock of $270.0 million, and recorded the remaining $30.0 million as a decrease to additional paid-in capital on our Consolidated Balance Sheets. Upon completion of the ASR agreement in the first quarter of fiscal 2014, we reclassified the $30.0 million to treasury stock from additional paid-in capital on our Consolidated Balance Sheets.

The following table provides details of total comprehensive income:

	Fiscal 2014				
	General Mills			Noncontrolling Interests	Redeemable Interest
In Millions	**Pretax**	**Tax**	**Net**	**Net**	**Net**
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$1,824.4**	**$ 5.8**	**$31.1**
Other comprehensive income (loss):					
Foreign currency translation	**$ (71.8)**	**$ —**	**(71.8)**	**19.1**	**41.4**
Net actuarial income	**327.2**	**(121.2)**	**206.0**	**—**	**—**
Other fair value changes:					
Securities	**0.5**	**(0.2)**	**0.3**	**—**	**—**
Hedge derivatives	**14.4**	**(7.0)**	**7.4**	**—**	**(2.4)**
Reclassification to earnings:					
Hedge derivatives (a)	**(4.7)**	**0.2**	**(4.5)**	**—**	**(0.1)**
Amortization of losses and prior service costs (b)	**172.7**	**(65.1)**	**107.6**	**—**	**—**
Other comprehensive income	**438.3**	**(193.3)**	**245.0**	**19.1**	**38.9**
Total comprehensive income			**$2,069.4**	**$24.9**	**$70.0**

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

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

In Millions	Fiscal 2013 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			$1,855.2	$ 8.0	$29.3
Other comprehensive income (loss):					
Foreign currency translation	$ (19.8)	$ —	(19.8)	10.3	10.3
Net actuarial loss	76.3	(31.3)	45.0	—	—
Other fair value changes:					
Securities	1.2	(0.4)	0.8	—	—
Hedge derivatives	33.5	(10.4)	23.1	—	1.5
Reclassification to earnings:					
Hedge derivatives (a)	15.0	(4.5)	10.5	—	1.7
Amortization of losses and prior service costs (b)	159.9	(61.1)	98.8	—	—
Other comprehensive income	266.1	(107.7)	158.4	10.3	13.5
Total comprehensive income			$2,013.6	$18.3	$42.8

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

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

In Millions	Fiscal 2012 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			$1,567.3	$ 6.8	$ 15.0
Other comprehensive income (loss):					
Foreign currency translation	$ (270.3)	$ —	(270.3)	(51.1)	(98.7)
Net actuarial gain	(813.1)	308.5	(504.6)	—	—
Other fair value changes:					
Securities	(0.3)	0.1	(0.2)	—	—
Hedge derivatives	(80.8)	31.2	(49.6)	—	(3.8)
Reclassification to earnings:					
Hedge derivatives (a)	16.3	(6.2)	10.1	—	1.4
Amortization of losses and prior service costs (b)	131.6	(49.9)	81.7	—	—
Other comprehensive loss	(1,016.6)	283.7	(732.9)	(51.1)	(101.1)
Total comprehensive income (loss)			$ 834.4	$(44.3)	$ (86.1)

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

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

In fiscal 2014, 2013, and 2012, except for reclassifications to earnings, changes in other comprehensive income (loss) were primarily non-cash items.

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

In Millions	May 25, 2014	May 26, 2013
Foreign currency translation adjustments	**$ 191.3**	$ 263.1
Unrealized gain (loss) from:		
Securities	**2.9**	2.6
Hedge derivatives	**(38.8)**	(41.7)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	**(1,469.2)**	(1,801.5)
Prior service costs	**(26.5)**	(7.8)
Accumulated other comprehensive loss	**$(1,340.3)**	$(1,585.3)

NOTE 11. STOCK PLANS

We use broad-based stock plans to help ensure that management's interests are aligned with those of our stockholders. As of May 25, 2014, a total of 30.8 million shares were available for grant in the form of stock options, restricted stock, restricted stock units, and shares of unrestricted stock under the 2011 Stock Compensation Plan (2011 Plan) and the 2011 Compensation Plan for Non-Employee Directors. The 2011 Plan also provides for the issuance of cash-settled share-based units, stock appreciation rights, and performance awards. Stock-based awards now outstanding include some granted under the 2001, 2003, 2005, 2006, 2007, and 2009 stock plans and the Executive Incentive Plan, under which no further awards may be granted. The stock plans provide for accelerated vesting of awards upon retirement, termination, or death of eligible employees and directors.

Stock Options

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

	Fiscal Year		
	2014	2013	2012
Estimated fair values of stock options granted	**$ 6.03**	$ 3.65	$ 5.88
Assumptions:			
Risk-free interest rate	**2.6%**	1.6%	2.9%
Expected term	**9.0 years**	9.0 years	8.5 years
Expected volatility	**17.4%**	17.3%	17.6%
Dividend yield	**3.1%**	3.5%	3.3%

The valuation of stock options is a significant accounting estimate that requires us to use judgments and assumptions that are likely to have a material impact on our financial statements. Annually, we make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate.

We estimate the fair value of each option on the grant date using a Black-Scholes option-pricing model, which requires us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, and dividend yield. We estimate our future stock price volatility using the historical volatility over the expected term of the option, excluding time periods of volatility we believe a marketplace participant would exclude in estimating our stock price volatility. We also have considered, but did not use, implied volatility in our estimate, because trading activity in options on our stock, especially those with tenors of greater than 6 months, is insufficient to provide a reliable measure of expected volatility.

Our expected term represents the period of time that options granted are expected to be outstanding based on historical data to estimate option exercises and employee terminations within the valuation model. Separate groups of employees have similar historical exercise behavior and therefore were aggregated into a single pool for valuation purposes. The weighted-average expected term for all employee groups is presented in the table above. The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant.

Any corporate income tax benefit realized upon exercise or vesting of an award in excess of that previously recognized in earnings (referred to as a windfall tax benefit) is presented in the Consolidated Statements of Cash Flows as a financing cash flow.

Realized windfall tax benefits are credited to additional paid-in capital within the Consolidated Balance Sheets. Realized shortfall tax benefits (amounts which are less than that previously recognized in earnings) are first offset against the cumulative balance of windfall tax benefits, if any, and then charged directly to income tax expense, potentially resulting in volatility in our consolidated effective income tax rate. We calculated a cumulative memo balance of windfall tax benefits for the purpose of accounting for future shortfall tax benefits.

Options may be priced at 100 percent or more of the fair market value on the date of grant, and generally vest four years after the date of grant. Options generally expire within 10 years and one month after the date of grant.

Information on stock option activity follows:

	Options Exercisable (Thousands)	**Weighted-Average Exercise Price Per Share**	**Options Outstanding (Thousands)**	**Weighted-Average Exercise Price Per Share**
Balance as of May 29, 2011	39,221.7	$23.78	67,547.3	$26.82
Granted			4,069.0	37.29
Exercised			(10,279.3)	24.12
Forfeited or expired			(394.3)	27.88
Balance as of May 27, 2012	39,564.9	25.27	60,942.7	27.96
Granted			3,407.7	38.15
Exercised			(16,534.6)	23.49
Forfeited or expired			(143.7)	34.06
Balance as of May 26, 2013	29,290.3	27.69	47,672.1	30.22
Granted			2,789.8	48.33
Exercised			(6,181.3)	24.78
Forfeited or expired			(111.6)	38.74
Balance as of May 25, 2014	**29,452.8**	**$28.37**	**44,169.0**	**$32.10**

Stock-based compensation expense related to stock option awards was $18.2 million in fiscal 2014, $17.5 million in fiscal 2013, and $23.9 million in fiscal 2012.

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

	Fiscal Year		
In Millions	**2014**	2013	2012
Net cash proceeds	**$108.1**	$300.8	$233.5
Intrinsic value of options exercised	**$166.6**	$297.2	$156.7

Restricted Stock, Restricted Stock Units, and Cash-Settled Share-Based Units
Stock and units settled in stock subject to a restricted period and a purchase price, if any (as determined by the Compensation Committee of the Board of Directors), may be granted to key employees under the 2011 Plan. Restricted stock and restricted stock units generally vest and become unrestricted four years after the date of grant. Participants are entitled to dividends on such awarded shares and units, but only receive those amounts if the shares or units vest. The sale or transfer of these shares and units is restricted during the vesting period. Participants holding restricted stock, but not restricted stock units, are entitled to vote on matters submitted to holders of common stock for a vote.

Information on restricted stock unit and cash-settled share-based units activity follows:

	Equity Classified		**Liability Classified**			
	Share-Settled Units (Thousands)	**Weighted-Average Grant-Date Fair Value**	**Share-Settled Units (Thousands)**	**Weighted-Average Grant-Date Fair Value**	**Cash-Settled Share-Based Units (Thousands)**	**Weighted-Average Grant-Date Fair Value**
Non-vested as of May 26, 2013	8,042.2	$35.89	388.2	$32.60	2,287.8	$38.41
Granted	2,069.8	48.49	74.3	48.39	—	—
Vested	(2,004.8)	29.76	(144.9)	28.39	(1,445.5)	28.25
Forfeited, expired, or reclassified	(213.5)	40.83	(68.1)	39.55	(19.5)	37.03
Non-vested as of May 25, 2014	**7,893.7**	**$40.81**	**249.5**	**$25.67**	**822.8**	**$36.52**

	Fiscal Year		
	2014	2013	2012
Number of units granted (thousands)	**2,144.1**	2,404.9	2,785.7
Weighted average price per unit	**$48.49**	$38.41	$37.29

The total grant-date fair value of restricted stock unit awards that vested during fiscal 2014 was $104.6 million, and $134.1 million vested during fiscal 2013.

As of May 25, 2014, unrecognized compensation expense related to non-vested stock options and restricted stock units was $117.2 million. This expense will be recognized over 17 months, on average.

Stock-based compensation expense related to restricted stock units and cash-settled share-based payment awards was $107.0 million for fiscal 2014, $128.9 million for fiscal 2013, and $124.3 million for fiscal 2012.

NOTE 12. EARNINGS PER SHARE

Basic and diluted EPS were calculated using the following:

In Millions, Except per Share Data	Fiscal Year 2014	2013	2012
Net earnings attributable to General Mills	**$1,824.4**	$1,855.2	$1,567.3
Average number of common shares—basic EPS	**628.6**	648.6	648.1
Incremental share effect from: (a)			
Stock options	**12.3**	12.0	13.9
Restricted stock, restricted stock units, and other	**4.8**	5.0	4.7
Average number of common shares—diluted EPS	**645.7**	665.6	666.7
Earnings per share—basic	**$ 2.90**	$ 2.86	$ 2.42
Earnings per share—diluted	**$ 2.83**	$ 2.79	$ 2.35

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

In Millions	Fiscal Year 2014	2013	2012
Anti-dilutive stock options and restricted stock units	**1.7**	0.6	5.8

NOTE 13. RETIREMENT BENEFITS AND POSTEMPLOYMENT BENEFITS

Defined Benefit Pension Plans

We have defined benefit pension plans covering most employees in the United States, Canada, France, and the United Kingdom. Benefits for salaried employees are based on length of service and final average compensation. Benefits for hourly employees include various monthly amounts for each year of credited service. Our funding policy is consistent with the requirements of applicable laws. We made no voluntary contributions to our principal U.S. plans in fiscal 2014 and made a $200.0 million voluntary contribution in each of fiscal 2013 and fiscal 2012. We do not expect to be required to make any contributions in fiscal 2015. Our principal domestic retirement plan covering salaried employees has a provision that any excess pension assets would be allocated to active participants if the plan is terminated within five years of a change in control. In fiscal 2012, we announced changes to our U.S. defined benefit pension plans. All new salaried employees hired on or after June 1, 2013 are eligible for a new retirement program that does not include a defined benefit pension plan. Current salaried employees remain in the existing defined benefit pension plan with adjustments to benefits.

Other Postretirement Benefit Plans

We also sponsor plans that provide health care benefits to the majority of our retirees in the United States, Canada, and Brazil. The United States salaried health care benefit plan is contributory, with retiree contributions based on years of service. We make decisions to fund related trusts for certain employees and retirees on an annual basis. We made $24.0 million in voluntary contributions to these plans in fiscal 2014. We did not make voluntary contributions to these plans in fiscal 2013.

Health Care Cost Trend Rates

Assumed health care cost trends are as follows:

	Fiscal Year	
	2014	2013
Health care cost trend rate for next year	**6.5% and 7.3%**	8.0%
Rate to which the cost trend rate is assumed to decline (ultimate rate)	**5.0%**	5.2%
Year that the rate reaches the ultimate trend rate	**2025**	2019

We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 7.3 percent for retirees age 65 and over and 6.5 percent for retirees under age 65 at the end of fiscal 2014. Rates are graded down annually until the ultimate trend rate of 5.0 percent is reached in 2025 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

A one percentage point change in the health care cost trend rate would have the following effects:

In Millions	**One Percentage Point Increase**	**One Percentage Point Decrease**
Effect on the aggregate of the service and interest cost components in fiscal 2015	$ 4.7	$ (3.9)
Effect on the other postretirement accumulated benefit obligation as of May 25, 2014	82.7	(73.2)

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Act) was signed into law in March 2010. The Act codifies health care reforms with staggered effective dates from 2010 to 2018. Estimates of the future impacts of several of the Act's provisions are incorporated into our postretirement benefit liability.

Postemployment Benefit Plans

Under certain circumstances, we also provide accruable benefits to former or inactive employees in the United States, Canada, and Mexico, and members of our Board of Directors, including severance and certain other benefits payable upon death. We recognize an obligation for any of these benefits that vest or accumulate with service. Postemployment benefits that do not vest or accumulate with service (such as severance based solely on annual pay rather than years of service) are charged to expense when incurred. Our postemployment benefit plans are unfunded.

We use our fiscal year end as the measurement date for our defined benefit pension and other postretirement benefit plans.

Summarized financial information about defined benefit pension, other postretirement benefit, and postemployment benefit plans is presented below:

In Millions	Defined Benefit Pension Plans Fiscal Year 2014	Defined Benefit Pension Plans Fiscal Year 2013	Other Postretirement Benefit Plans Fiscal Year 2014	Other Postretirement Benefit Plans Fiscal Year 2013	Postemployment Benefit Plans Fiscal Year 2014	Postemployment Benefit Plans Fiscal Year 2013
Change in Plan Assets:						
Fair value at beginning of year	**$5,066.1**	$4,353.9	**$ 436.9**	$ 358.8		
Actual return on assets	**740.2**	698.7	**59.1**	67.9		
Employer contributions	**25.6**	223.1	**24.1**	0.1		
Plan participant contributions	**6.7**	15.2	**13.5**	13.0		
Benefits payments	**(231.4)**	(222.6)	**(16.3)**	(2.9)		
Foreign currency	**4.6**	(2.2)	**—**	—		
Fair value at end of year	**$5,611.8**	$5,066.1	**$ 517.3**	$ 436.9		
Change in Projected Benefit Obligation:						
Benefit obligation at beginning of year	**$5,381.4**	$4,991.5	**$1,148.2**	$1,129.0	**$ 145.4**	$ 141.3
Service cost	**133.0**	124.4	**22.7**	21.6	**7.7**	7.8
Interest cost	**239.5**	237.3	**50.5**	52.1	**4.1**	4.4
Plan amendment	**17.8**	0.2	**18.2**	—	**—**	4.5
Curtailment/other	**—**	—	**(2.9)**	—	**3.7**	11.4
Plan participant contributions	**6.7**	15.2	**13.5**	13.0	**—**	—
Medicare Part D reimbursements	**—**	—	**4.3**	4.1	**—**	—
Actuarial loss (gain)	**67.6**	237.5	**(119.4)**	(23.0)	**1.8**	(10.4)
Benefits payments	**(231.6)**	(222.8)	**(59.3)**	(58.9)	**(17.2)**	(13.6)
Foreign currency	**3.6**	(1.9)	**(1.0)**	(0.1)	**(0.2)**	—
Acquisitions	**—**	—	**—**	10.4	**—**	—
Projected benefit obligation at end of year	**$5,618.0**	$5,381.4	**$1,074.8**	$1,148.2	**$ 145.3**	$ 145.4
Plan assets less than benefit obligation as of fiscal year end	**$ (6.2)**	$ (315.3)	**$ (557.5)**	$ (711.3)	**$(145.3)**	$(145.4)

The accumulated benefit obligation for all defined benefit pension plans was $5,093.1 million as of May 25, 2014, and $4,888.8 million as of May 26, 2013.

Amounts recognized in AOCI as of May 25, 2014, and May 26, 2013, are as follows:

In Millions	Defined Benefit Pension Plans Fiscal Year 2014	Defined Benefit Pension Plans Fiscal Year 2013	Other Postretirement Benefit Plans Fiscal Year 2014	Other Postretirement Benefit Plans Fiscal Year 2013	Postemployment Benefit Plans Fiscal Year 2014	Postemployment Benefit Plans Fiscal Year 2013	Total Fiscal Year 2014	Total Fiscal Year 2013
Net actuarial loss	**$(1,389.2)**	$(1,625.1)	**$(70.2)**	$(168.2)	**$ (9.8)**	$ (8.2)	**$(1,469.2)**	$(1,801.5)
Prior service (costs) credits	**(26.1)**	(18.5)	**4.0**	16.6	**(4.4)**	(5.9)	**(26.5)**	(7.8)
Amounts recorded in accumulated other comprehensive loss	**$(1,415.3)**	$(1,643.6)	**$(66.2)**	$(151.6)	**$ (14.2)**	$ (14.1)	**$(1,495.7)**	$(1,809.3)

Plans with accumulated benefit obligations in excess of plan assets are as follows:

In Millions	Defined Benefit Pension Plans Fiscal Year 2014	2013	Other Postretirement Benefit Plans Fiscal Year 2014	2013	Postemployment Benefit Plans Fiscal Year 2014	2013
Projected benefit obligation	**$433.1**	$396.9	**$ —**	$ —	**$ —**	$ —
Accumulated benefit obligation	**375.6**	346.6	**1,070.0**	1,132.9	**145.3**	145.4
Plan assets at fair value	**—**	9.5	**517.3**	436.9	**—**	—

Components of net periodic benefit expense are as follows:

In Millions	Defined Benefit Pension Plans Fiscal Year 2014	2013	2012	Other Postretirement Benefit Plans Fiscal Year 2014	2013	2012	Postemployment Benefit Plans Fiscal Year 2014	2013	2012
Service cost	**$ 133.0**	$ 124.4	$ 114.3	**$ 22.7**	$ 21.6	$ 18.0	**$ 7.7**	$ 7.8	$ 7.5
Interest cost	**239.5**	237.3	237.9	**50.5**	52.1	55.6	**4.1**	4.4	4.8
Expected return on plan assets	**(455.6)**	(428.0)	(440.3)	**(34.6)**	(32.1)	(35.5)	**—**	—	—
Amortization of losses	**151.0**	136.0	108.1	**15.4**	17.1	14.5	**0.6**	2.1	1.7
Amortization of prior service costs (credits)	**5.6**	6.2	8.6	**(3.4)**	(3.4)	(3.4)	**2.4**	1.9	2.1
Other adjustments	**—**	—	—	**—**	—	—	**3.7**	11.4	12.0
Settlement or curtailment losses	**—**	—	—	**(2.9)**	—	—	**—**	—	—
Net expense	**$ 73.5**	$ 75.9	$ 28.6	**$ 47.7**	$ 55.3	$ 49.2	**$18.5**	$27.6	$28.1

We expect to recognize the following amounts in net periodic benefit expense in fiscal 2015:

In Millions	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Postemployment Benefit Plans
Amortization of losses	$141.7	$4.9	$0.7
Amortization of prior service costs (credits)	7.4	(1.6)	2.4

Assumptions

Weighted-average assumptions used to determine fiscal year-end benefit obligations are as follows:

	Defined Benefit Pension Plans Fiscal Year 2014	2013	Other Postretirement Benefit Plans Fiscal Year 2014	2013	Postemployment Benefit Plans Fiscal Year 2014	2013
Discount rate	**4.54 %**	4.54 %	**4.51 %**	4.50 %	**3.82 %**	3.70 %
Rate of salary increases	**4.44**	4.44	**—**	—	**4.44**	4.44

Weighted-average assumptions used to determine fiscal year net periodic benefit expense are as follows:

	Defined Benefit Pension Plans Fiscal Year			Other Postretirement Benefit Plans Fiscal Year			Postemployment Benefit Plans Fiscal Year		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
Discount rate	**4.54 %**	4.85 %	5.45 %	**4.52 %**	4.70 %	5.35 %	**3.70 %**	3.86 %	4.77 %
Rate of salary increases	**4.44**	4.44	4.92	**—**	—	—	**4.44**	4.45	4.92
Expected long-term rate of return on plan assets	**8.53**	8.53	9.52	**8.11**	8.13	9.32	**—**	—	—

Discount Rates

Our discount rate assumptions are determined annually as of the last day of our fiscal year for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We also use the same discount rates to determine defined benefit pension, other postretirement benefit, and postemployment benefit plan income and expense for the following fiscal year. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.

Fair Value of Plan Assets
The fair values of our pension and postretirement benefit plans' assets and their respective levels in the fair value hierarchy at May 25, 2014 and May 26, 2013, by asset category were as follows:

	May 25, 2014				May 26, 2013			
In Millions	**Level 1**	**Level 2**	**Level 3**	**Total Assets**	**Level 1**	**Level 2**	**Level 3**	**Total Assets**
Fair value measurement of pension plan assets:								
Equity (a)	**$1,305.4**	**$ 793.9**	**$ 568.2**	**$2,667.5**	$1,439.4	$ 828.3	$559.3	$2,827.0
Fixed income (b)	**586.3**	**1,347.7**	**—**	**1,934.0**	476.6	801.0	—	1,277.6
Real asset investments (c)	**98.2**	**128.3**	**602.9**	**829.4**	131.1	169.1	430.4	730.6
Other investments (d)	**—**	**—**	**0.3**	**0.3**	—	60.9	0.3	61.2
Cash and accruals	**180.6**	**—**	**—**	**180.6**	169.7	—	—	169.7
Total fair value measurement of pension plan assets	**$2,170.5**	**$2,269.9**	**$1,171.4**	**$5,611.8**	$2,216.8	$1,859.3	$990.0	$5,066.1
Fair value measurement of postretirement benefit plan assets:								
Equity (a)	**$ 86.6**	**$ 129.1**	**$ 21.1**	**$ 236.8**	$ 93.1	$ 92.0	$ 20.2	$ 205.3
Fixed income (b)	**18.5**	**65.8**	**—**	**84.3**	17.2	50.3	—	67.5
Real asset investments (c)	**—**	**19.3**	**17.9**	**37.2**	1.8	7.1	14.5	23.4
Other investments (d)	**—**	**152.4**	**—**	**152.4**	—	130.9	—	130.9
Cash and accruals	**6.6**	**—**	**—**	**6.6**	9.8	—	—	9.8
Fair value measurement of postretirement benefit plan assets	**$ 111.7**	**$ 366.6**	**$ 39.0**	**$ 517.3**	$ 121.9	$ 280.3	$ 34.7	$ 436.9

(a) Primarily publicly traded common stock and private equity partnerships for purposes of total return and to maintain equity exposure consistent with policy allocations. Investments include: United States and international equity securities, mutual funds, and equity futures valued at closing prices from national exchanges; and commingled funds, privately held securities, and private equity partnerships valued at unit values or net asset values provided by the investment managers, which are based on the fair value of the underlying investments. Various methods are used to determine fair values and may include the cost of the investment, most recent financing, and expected cash flows. For some of these investments, realization of the estimated fair value is dependent upon transactions between willing sellers and buyers.

(b) Primarily government and corporate debt securities for purposes of total return and managing fixed income exposure to policy allocations. Investments include: fixed income securities and bond futures generally valued at closing prices from national exchanges, fixed income pricing models, and independent financial analysts; and fixed income commingled funds valued at unit values provided by the investment managers, which are based on the fair value of the underlying investments.

(c) Publicly traded common stock and limited partnerships in the energy and real estate sectors for purposes of total return. Investments include: energy and real estate securities generally valued at closing prices from national exchanges; and commingled funds, private securities, and limited partnerships valued at unit values or net asset values provided by the investment managers, which are generally based on the fair value of the underlying investments.

(d) Global balanced fund of equity, fixed income, and real estate securities for purposes of meeting Canadian pension plan asset allocation policies, and insurance and annuity contracts to provide a stable stream of income for retirees and to fund postretirement medical benefits. Fair values are derived from unit values provided by the investment managers, which are generally based on the fair value of the underlying investments and contract fair values from the providers.

The following table is a roll forward of the Level 3 investments of our pension and postretirement benefit plans' assets during the years ended May 25, 2014 and May 26, 2013:

	Fiscal 2014				
In Millions	**Balance as of May 26, 2013**	**Net Transfers Out**	**Net Purchases, Sales Issuances, and Settlements**	**Net Gain**	**Balance as of May 25, 2014**
Pension benefit plan assets:					
Equity	$559.3	$ —	$(59.0)	$ 67.9	**$ 568.2**
Real asset investments	430.4	—	(25.5)	198.0	**602.9**
Other investments	0.3	—	—	—	**0.3**
Fair value activity of level 3 pension plan assets	$990.0	$ —	$(84.5)	$265.9	**$1,171.4**
Postretirement benefit plan assets:					
Equity	$ 20.2	$ —	$ (0.7)	$ 1.6	**$ 21.1**
Real asset investments	14.5	(4.2)	1.4	6.2	**17.9**
Fair value activity of level 3 postretirement benefit plan assets	$ 34.7	$(4.2)	$ 0.7	$ 7.8	**$ 39.0**

	Fiscal 2013				
In Millions	**Balance as of May 27, 2012**	**Net Transfers Out**	**Net Purchases, Sales Issuances, and Settlements**	**Net Gain**	**Balance as of May 26, 2013**
Pension benefit plan assets:					
Equity	$575.4	$ (0.1)	$(61.0)	$45.0	$559.3
Real asset investments	361.2	—	48.3	20.9	430.4
Other investments	0.3	—	—	—	0.3
Fair value activity of level 3 pension plan assets	$936.9	$ (0.1)	$(12.7)	$65.9	$990.0
Postretirement benefit plan assets:					
Equity	$ 22.0	$ —	$ (2.3)	$ 0.5	$ 20.2
Real asset investments	8.4	—	4.8	1.3	14.5
Fair value activity of level 3 postretirement benefit plan assets	$ 30.4	$ —	$ 2.5	$ 1.8	$ 34.7

The net change in level 3 assets attributable to unrealized gains at May 25, 2014, was $85.3 million for our pension plan assets, and $2.6 million for our postretirement benefit plan assets.

Expected Rate of Return on Plan Assets
Our expected rate of return on plan assets is determined by our asset allocation, our historical long-term investment performance, our estimate of future long-term returns by asset class (using input from our actuaries, investment services, and investment managers), and long-term inflation assumptions. We review this assumption annually for each plan, however, our annual investment performance for one particular year does not, by itself, significantly influence our evaluation.

Weighted-average asset allocations for the past two fiscal years for our defined benefit pension and other postretirement benefit plans are as follows:

	Defined Benefit Pension Plans Fiscal Year		Other Postretirement Benefit Plans Fiscal Year	
	2014	2013	**2014**	2013
Asset category:				
United States equities	**25.5%**	29.5%	**38.4%**	39.4%
International equities	**13.9**	17.3	**24.0**	21.6
Private equities	**10.3**	11.2	**4.1**	4.7
Fixed income	**35.5**	27.5	**26.3**	28.9
Real assets	**14.8**	14.5	**7.2**	5.4
Total	**100.0%**	100.0%	**100.0%**	100.0%

The investment objective for our defined benefit pension and other postretirement benefit plans is to secure the benefit obligations to participants at a reasonable cost to us. Our goal is to optimize the long-term return on plan assets at a moderate level of risk. The defined benefit pension plan and other postretirement benefit plan portfolios are broadly diversified across asset classes. Within asset classes, the portfolios are further diversified across investment styles and investment organizations. For the defined benefit pension plans, the long-term investment policy allocation is: 25 percent to equities in the United States; 15 percent to international equities; 10 percent to private equities; 35 percent to fixed income; and 15 percent to real assets (real estate, energy, and timber). For other postretirement benefit plans, the long-term investment policy allocations are: 30 percent to equities in the United States; 20 percent to international equities; 10 percent to private equities; 30 percent to fixed income; and 10 percent to real assets (real estate, energy, and timber). The actual allocations to these asset classes may vary tactically around the long-term policy allocations based on relative market valuations.

Contributions and Future Benefit Payments
We do not expect to be required to make contributions to our defined benefit pension, other postretirement benefit, and postemployment benefit plans in fiscal 2015. Actual fiscal 2015 contributions could exceed our current projections, as influenced by our decision to undertake discretionary funding of our benefit trusts and future changes in regulatory requirements. Estimated benefit payments, which reflect expected future service, as appropriate, are expected to be paid from fiscal 2015 to 2024 as follows:

In Millions	Defined Benefit Pension Plans	Other Postretirement Benefit Plans Gross Payments	Medicare Subsidy Receipts	Postemployment Benefit Plans
2015	$ 244.6	$ 60.3	$ 4.7	$21.0
2016	253.8	62.8	5.2	19.3
2017	263.4	63.7	5.5	17.9
2018	273.5	64.2	6.0	16.8
2019	284.3	66.5	6.4	16.0
2020-2024	1,596.6	359.6	25.5	70.5

Defined Contribution Plans

The General Mills Savings Plan is a defined contribution plan that covers domestic salaried, hourly, nonunion, and certain union employees. This plan is a 401(k) savings plan that includes a number of investment funds, including a Company stock fund and an Employee Stock Ownership Plan (ESOP). We sponsor another money purchase plan for certain domestic hourly employees with net assets of $20.6 million as of May 25, 2014, and $19.4 million as of May 26, 2013. We also sponsor defined contribution plans in many of our foreign locations. Our total recognized expense related to defined contribution plans was $44.8 million in fiscal 2014, $46.0 million in fiscal 2013, and $41.8 million in fiscal 2012.

We match a percentage of employee contributions to the General Mills Savings Plan. The Company match is directed to investment options of the participant's choosing. The number of shares of our common stock allocated to participants in the ESOP was 8.4 million as of May 25, 2014, and 9.1 million as of May 26, 2013. The ESOP's only assets are our common stock and temporary cash balances.

The Company stock fund and the ESOP held $708.2 million and $691.9 million of Company common stock as of May 25, 2014, and May 26, 2013.

NOTE 14. INCOME TAXES

The components of earnings before income taxes and after-tax earnings from joint ventures and the corresponding income taxes thereon are as follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Earnings before income taxes and after-tax earnings from joint ventures:			
United States	**$2,181.4**	$2,051.2	$1,816.5
Foreign	**473.6**	483.7	394.0
Total earnings before income taxes and after-tax earnings from joint ventures	**$2,655.0**	$2,534.9	$2,210.5
Income taxes:			
Currently payable:			
Federal	**$ 526.7**	$ 493.4	$ 399.1
State and local	**37.8**	39.5	52.0
Foreign	**146.3**	126.5	109.1
Total current	**710.8**	659.4	560.2
Deferred:			
Federal	**159.1**	68.8	167.9
State and local	**21.3**	19.2	(1.3)
Foreign	**(7.9)**	(6.2)	(17.2)
Total deferred	**172.5**	81.8	149.4
Total income taxes	**$ 883.3**	$ 741.2	$ 709.6

The following table reconciles the United States statutory income tax rate with our effective income tax rate:

	Fiscal Year		
	2014	2013	2012
United States statutory rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal tax benefits	**1.4**	1.3	1.4
Foreign rate differences	**(0.1)**	(0.6)	(2.0)
Deferred taxes for Medicare subsidies	**—**	(1.3)	—
GMC subsidiary restructure	**—**	(2.5)	—
Domestic manufacturing deduction	**(2.3)**	(2.1)	(1.8)
Other, net	**(0.7)**	(0.6)	(0.5)
Effective income tax rate	**33.3%**	29.2%	32.1%

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

In Millions	**May 25, 2014**	May 26, 2013
Accrued liabilities	**$ 106.0**	$ 154.6
Compensation and employee benefits	**546.0**	619.2
Unrealized hedges	**—**	6.9
Pension	**—**	112.5
Tax credit carryforwards	**78.9**	78.0
Stock, partnership, and miscellaneous investments	**427.9**	461.1
Capital losses	**13.0**	13.6
Net operating losses	**71.4**	65.1
Other	**117.7**	138.8
Gross deferred tax assets	**1,360.9**	1,649.8
Valuation allowance	**221.6**	232.8
Net deferred tax assets	**1,139.3**	1,417.0
Brands	**1,373.4**	1,380.4
Fixed assets	**499.4**	537.4
Pension	**2.0**	—
Intangible assets	**204.2**	168.3
Tax lease transactions	**53.1**	55.1
Inventories	**60.6**	52.0
Stock, partnership, and miscellaneous investments	**470.7**	456.7
Unrealized hedges	**22.8**	—
Other	**45.0**	28.2
Gross deferred tax liabilities	**2,731.2**	2,678.1
Net deferred tax liability	**$1,591.9**	$1,261.1

We have established a valuation allowance against certain of the categories of deferred tax assets described above as current evidence does not suggest we will realize sufficient taxable income of the appropriate character (e.g., ordinary income versus capital gain income) within the carryforward period to allow us to realize these deferred tax benefits.

Of the total valuation allowance of $221.6 million, $161.2 million relates to a deferred tax asset for losses recorded as part of the Pillsbury acquisition and $57.2 million relates to various state and foreign loss carryforwards. We have approximately $74 million of U.S. foreign tax credit carryforwards for which no valuation allowance has been recorded. As of May 25, 2014, we believe it is more-likely-than-not that the remainder of our deferred tax assets are realizable.

The carryforward periods on our foreign loss carryforwards are as follows: $42.4 million do not expire; $7.9 million expire in fiscal 2015 and 2016; and $25.2 million expire in fiscal 2017 and beyond.

We have not recognized a deferred tax liability for unremitted earnings of approximately $2.8 billion from our foreign operations because our subsidiaries have invested or will invest the undistributed earnings indefinitely, or the earnings will be remitted in a tax-neutral transaction. It is not practicable for us to determine the amount of unrecognized deferred tax liabilities on these indefinitely reinvested earnings. Deferred taxes are recorded for earnings of our foreign operations when we determine that such earnings are no longer indefinitely reinvested.

In fiscal 2010, we recorded a non-cash income tax charge and decrease to our deferred tax assets of $35.0 million related to a reduction of the tax deductibility of retiree health cost to the extent of any Medicare Part D subsidy received beginning in fiscal 2013 under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010. During fiscal 2013, we took certain actions to restore part of the tax benefits associated with Medicare Part D subsidies and recorded a $33.7 million discrete decrease to income tax expense and an increase to our deferred tax assets.

During the first quarter of fiscal 2013, in conjunction with the consent of the Class A investor, we restructured GMC through the distribution of its manufacturing assets, stock, inventory, cash, and certain intellectual property to a wholly owned subsidiary. GMC retained the remaining intellectual property. Immediately following this restructuring, the Class A Interests were sold by the then current holder to another unrelated third party investor. As a result of these transactions, we recorded a $63.3 million decrease to deferred income tax liabilities related to the tax basis of the investment in GMC and certain distributed assets, with a corresponding discrete non-cash reduction to income taxes in fiscal 2013.

We are subject to federal income taxes in the United States as well as various state, local, and foreign jurisdictions. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our liabilities for income taxes reflect the most likely outcome. We adjust these liabilities, as well as the related interest, in light of changing facts and circumstances. Settlement of any particular position would usually require the use of cash.

The number of years with open tax audits varies depending on the tax jurisdiction. Our major taxing jurisdictions include the United States (federal and state) and Canada. Various tax examinations by United States state taxing authorities could be conducted for any open tax year, which vary by jurisdiction, but are generally from 3 to 5 years.

The Internal Revenue Service (IRS) is currently auditing our federal tax returns for the fiscal 2011 and 2012 tax years. Several state examinations are also in progress.

During fiscal 2013, the IRS concluded its field examination of our 2009 and 2010 tax years and proposed adjustments related to the timing for deducting accrued bonus expenses. The audit closure and related proposed adjustments did not have a material impact on our results of operations or financial position. The accrued bonus issue is currently under review by the IRS Appeals Division. We expect to make a one-time cash payment of approximately $6 million to settle this issue in fiscal 2015. As of May 25, 2014, we have effectively settled all issues with the IRS for fiscal years 2008 and prior.

During fiscal 2014, the Canadian Revenue Agency (CRA) completed its review of our Canadian income tax returns for fiscal years 2009 through 2011. Assessments related to a prior CRA audit for fiscal years 2004 and 2005 were resolved by the U.S. and Canadian competent authority divisions during fiscal 2014. As of May 25, 2014, all issues associated with fiscal years 2004 and 2005 and 2009 through 2011 have been resolved. The resolution did not have a material impact on our results of operations or financial position.

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the quarter of such change.

The following table sets forth changes in our total gross unrecognized tax benefit liabilities, excluding accrued interest, for fiscal 2014. Approximately $87 million of this total represents the amount that, if recognized, would affect our effective income tax rate in future periods. This amount differs from the gross unrecognized tax benefits presented in the table because certain of the liabilities below would impact deferred taxes if recognized. We also would record a decrease in U.S. federal income taxes upon recognition of the state tax benefits included therein.

	Fiscal Year	
In Millions	**2014**	2013
Balance, beginning of year	**$216.2**	$231.3
Tax positions related to current year:		
Additions	**26.5**	38.5
Tax positions related to prior years:		
Additions	**15.1**	69.6
Reductions	**(94.5)**	(74.0)
Settlements	**(5.4)**	(39.0)
Lapses in statutes of limitations	**(7.0)**	(10.2)
Balance, end of year	**$150.9**	$216.2

As of May 25, 2014, we expect to pay approximately $20 million of unrecognized tax benefit liabilities and accrued interest within the next 12 months. We are not able to reasonably estimate the timing of future cash flows beyond 12 months due to uncertainties in the timing of tax audit outcomes. The remaining amount of our unrecognized tax liability was classified in other liabilities.

We report accrued interest and penalties related to unrecognized tax benefit liabilities in income tax expense. For fiscal 2014, we recognized a net benefit of $4.6 million of tax-related net interest and penalties, and had $42.0 million of accrued interest and penalties as of May 25, 2014. For fiscal 2013, we recognized a net benefit of $3.0 million of tax-related net interest and penalties, and had $53.1 million of accrued interest and penalties as of May 26, 2013.

NOTE 15. LEASES, OTHER COMMITMENTS, AND CONTINGENCIES

An analysis of rent expense by type of property for operating leases follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Warehouse space	**$ 80.2**	$ 82.8	$ 72.6
Equipment	**32.8**	33.5	34.8
Other	**76.0**	71.6	68.1
Total rent expense	**$189.0**	$187.9	$175.5

Some operating leases require payment of property taxes, insurance, and maintenance costs in addition to the rent payments. Contingent and escalation rent in excess of minimum rent payments and sublease income netted in rent expense were insignificant.

Noncancelable future lease commitments are:

In Millions	Operating Leases	Capital Leases
2015	$ 93.9	$1.5
2016	73.4	0.8
2017	56.8	0.2
2018	42.4	—
2019	33.7	—
After 2019	88.3	—
Total noncancelable future lease commitments	$388.5	$2.5
Less: interest		(0.1)
Present value of obligations under capital leases		$2.4

These future lease commitments will be partially offset by estimated future sublease receipts of approximately $6.0 million. Depreciation on capital leases is recorded as depreciation expense in our results of operations.

As of May 25, 2014, we have issued guarantees and comfort letters of $340.6 million for the debt and other obligations of consolidated subsidiaries, and guarantees and comfort letters of $283.8 million for the debt and other obligations of non-consolidated affiliates, mainly CPW. In addition, off-balance sheet arrangements are generally limited to the future payments under non-cancelable operating leases, which totaled $388.5 million as of May 25, 2014.

NOTE 16. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

We operate in the consumer foods industry. We have three operating segments by type of customer and geographic region as follows: U.S. Retail, 59.2 percent of our fiscal 2014 consolidated net sales; International, 30.1 percent of our fiscal 2014 consolidated net sales; and Convenience Stores and Foodservice, 10.7 percent of our fiscal 2014 consolidated net sales.

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

Our International segment consists of retail and foodservice businesses outside of the United States. Our product categories include ready-to-eat cereals, shelf stable and frozen vegetables, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza snacks, refrigerated yogurt, grain and fruit snacks, and super-premium ice cream and frozen desserts. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our International segment also includes products manufactured in the United States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities and franchise fees are reported in the region or country where the end customer is located.

In the first quarter of fiscal 2014, we changed the name of our Bakeries and Foodservice operating segment to Convenience Stores and Foodservice. The businesses in this segment were unchanged. Our major product categories are ready-to-eat cereals, snacks, refrigerated yogurt, unbaked and fully baked frozen dough products, baking mixes, and flour. Many products we sell are branded to the consumer and nearly all are branded to our customers. We sell to distributors and operators in many customer channels including foodservice, convenience stores, vending, and supermarket bakeries. Substantially all of this segment’s operations are located in the United States.

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

Our operating segment results were as follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Net sales:			
U.S. Retail	**$10,604.9**	$10,614.9	$10,480.2
International	**5,385.9**	5,200.2	4,194.3
Convenience Stores and Foodservice	**1,918.8**	1,959.0	1,983.4
Total	**$17,909.6**	$17,774.1	$16,657.9
Operating profit:			
U.S. Retail	**$ 2,311.5**	$ 2,392.9	$ 2,295.3
International	**472.9**	490.2	429.6
Convenience Stores and Foodservice	**307.3**	314.6	286.7
Total segment operating profit	**3,091.7**	3,197.7	3,011.6
Unallocated corporate items	**196.2**	326.1	347.6
Divestiture (gain)	**(65.5)**	—	—
Restructuring, impairment, and other exit costs	**3.6**	19.8	101.6
Operating profit	**$ 2,957.4**	$ 2,851.8	$ 2,562.4

Net sales by class of similar products were as follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Net sales:			
Snacks	**$ 3,232.5**	$ 3,024.0	$ 2,649.6
Yogurt	**2,964.7**	2,908.4	2,595.7
Cereal	**2,860.1**	2,889.2	2,935.2
Convenient meals	**2,844.2**	2,802.9	2,611.8
Baking mixes and ingredients	**1,996.4**	1,999.5	1,902.9
Dough	**1,890.2**	1,944.7	1,925.5
Vegetables	**1,014.7**	1,089.5	1,082.5
Super-premium ice cream	**756.6**	717.1	664.6
Other	**350.2**	398.8	290.1
Total	**$17,909.6**	$17,774.1	$16,657.9

The following table provides financial information by geographic area:

In Millions	Fiscal Year 2014	2013	2012
Net sales:			
United States	**$12,523.0**	$12,573.1	$12,462.1
Non-United States	**5,386.6**	5,201.0	4,195.8
Total	**$17,909.6**	$17,774.1	$16,657.9

In Millions	May 25, 2014	May 26, 2013
Cash and cash equivalents:		
United States	**$ 27.2**	$ 26.9
Non-United States	**840.1**	714.5
Total	**$867.3**	$741.4

In Millions	May 25, 2014	May 26, 2013
Land, buildings, and equipment:		
United States	**$2,756.6**	$2,752.7
Non-United States	**1,185.3**	1,125.4
Total	**$3,941.9**	$3,878.1

NOTE 17. SUPPLEMENTAL INFORMATION

The components of certain Consolidated Balance Sheet accounts are as follows:

In Millions	May 25, 2014	May 26, 2013
Receivables:		
From customers	**$1,504.6**	$1,466.3
Less allowance for doubtful accounts	**(21.0)**	(19.9)
Total	**$1,483.6**	$1,446.4

In Millions	May 25, 2014	May 26, 2013
Inventories:		
Raw materials and packaging	**$ 419.0**	$ 403.0
Finished goods	**1,260.2**	1,228.7
Grain	**97.1**	135.6
Excess of FIFO over LIFO cost (a)	**(216.9)**	(221.8)
Total	**$1,559.4**	$1,545.5

(a) Inventories of $904.2 million as of May 25, 2014, and $897.8 million as of May 26, 2013, were valued at LIFO.

In Millions	May 25, 2014	May 26, 2013
Prepaid expenses and other current assets:		
Other receivables	**$153.9**	$193.1
Prepaid expenses	**187.2**	168.6
Derivative receivables, primarily commodity-related	**33.3**	47.6
Grain contracts	**7.5**	7.5
Miscellaneous	**27.2**	20.8
Total	**$409.1**	$437.6

In Millions	May 25, 2014	May 26, 2013
Land, buildings, and equipment:		
Land	**$ 106.9**	$ 101.2
Buildings	**2,228.4**	2,168.3
Buildings under capital lease	**0.3**	0.3
Equipment	**5,979.7**	5,731.1
Equipment under capital lease	**9.0**	9.0
Capitalized software	**468.0**	427.9
Construction in progress	**600.8**	495.1
Total land, buildings, and equipment	**9,393.1**	8,932.9
Less accumulated depreciation	**(5,451.2)**	(5,054.8)
Total	**$ 3,941.9**	$ 3,878.1

In Millions	May 25, 2014	May 26, 2013
Other assets:		
Investments in and advances to joint ventures	**$ 507.5**	$ 478.5
Pension assets	**432.2**	131.8
Exchangeable note with related party	**68.2**	88.8
Life insurance	**25.8**	24.4
Miscellaneous	**111.8**	120.2
Total	**$1,145.5**	$ 843.7

In Millions	May 25, 2014	May 26, 2013
Other current liabilities:		
Accrued trade and consumer promotions	**$ 578.2**	$ 635.3
Accrued payroll	**390.1**	417.3
Dividends payable	**33.5**	279.6
Accrued taxes	**63.1**	88.0
Accrued interest, including interest rate swaps	**92.5**	91.2
Grain contracts	**4.8**	30.0
Restructuring and other exit costs reserve	**3.5**	19.5
Derivative payable	**23.1**	4.1
Miscellaneous	**261.1**	262.7
Total	**$1,449.9**	$1,827.7

In Millions	May 25, 2014	May 26, 2013
Other noncurrent liabilities:		
Accrued compensation and benefits, including obligations for underfunded other postretirement benefit and postemployment benefit plans	**$1,341.9**	$1,560.2
Accrued taxes	**195.6**	277.1
Miscellaneous	**105.7**	115.6
Total	**$1,643.2**	$1,952.9

Certain Consolidated Statements of Earnings amounts are as follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Depreciation and amortization	**$585.4**	$588.0	$541.5
Research and development expense	**243.6**	237.9	245.4
Advertising and media expense (including production and communication costs)	**869.5**	895.0	913.7

The components of interest, net are as follows:

	Fiscal Year		
Expense (Income), in Millions	**2014**	2013	2012
Interest expense	**$323.4**	$333.8	$370.7
Capitalized interest	**(4.9)**	(4.3)	(8.9)
Interest income	**(16.1)**	(12.6)	(9.9)
Interest, net	**$302.4**	$316.9	$351.9

Certain Consolidated Statements of Cash Flows amounts are as follows:

	Fiscal Year		
In Millions	**2014**	2013	2012
Cash interest payments	**$288.3**	$293.0	$344.3
Cash paid for income taxes	**757.2**	569.4	590.6

NOTE 18. QUARTERLY DATA (UNAUDITED)

Summarized quarterly data for fiscal 2014 and fiscal 2013 follows:

In Millions, Except Per Share Amounts	First Quarter Fiscal Year 2014	First Quarter Fiscal Year 2013	Second Quarter Fiscal Year 2014	Second Quarter Fiscal Year 2013	Third Quarter Fiscal Year 2014	Third Quarter Fiscal Year 2013	Fourth Quarter Fiscal Year 2014	Fourth Quarter Fiscal Year 2013
Net sales	**$4,372.7**	$4,051.0	**$4,875.7**	$4,881.8	**$4,377.4**	$4,430.6	**$4,283.8**	$4,410.7
Gross margin	**1,613.0**	1,628.3	**1,761.7**	1,742.3	**1,512.7**	1,522.7	**1,482.4**	1,530.6
Net earnings attributable to General Mills	**459.3**	548.9	**549.9**	541.6	**410.6**	398.4	**404.6**	366.3
EPS:								
Basic	**$ 0.71**	$ 0.84	**$ 0.87**	$ 0.84	**$ 0.66**	$ 0.61	**$ 0.66**	$ 0.57
Diluted	**$ 0.70**	$ 0.82	**$ 0.84**	$ 0.82	**$ 0.64**	$ 0.60	**$ 0.65**	$ 0.55
Dividends per share	**$ 0.38**	$ 0.33	**$ 0.38**	$ 0.33	**$ 0.38**	$ 0.33	**$ 0.41**	$ 0.33
Market price of common stock:								
High	**$ 52.73**	$ 39.13	**$ 51.53**	$ 40.77	**$ 51.50**	$ 45.67	**$ 54.40**	$ 50.93
Low	**$ 47.08**	$ 37.55	**$ 47.41**	$ 38.89	**$ 46.86**	$ 40.06	**$ 49.66**	$ 45.42

During the fourth quarter of fiscal 2014, we sold certain grain elevators in our U.S. Retail segment and recorded a pre-tax gain of $65.5 million and recorded a $10.0 million insurance receivable for a fraud-related asset loss incurred in the second quarter of fiscal 2014.

Glossary

AOCI. Accumulated other comprehensive income (loss).

Average total capital. Notes payable, long-term debt including current portion, redeemable interest, noncontrolling interests, and stockholders' equity excluding AOCI, and certain after-tax earnings adjustments are used to calculate return on average total capital. The average is calculated using the average of the beginning of fiscal year and end of fiscal year Consolidated Balance Sheet amounts for these line items.

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

Core working capital. Accounts receivable plus inventories less accounts payable, all as of the last day of our fiscal year.

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

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

Euribor. European Interbank Offered Rate.

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

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

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

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

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

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

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

Gross margin. Net sales less cost of sales.

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

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

LIBOR. London Interbank Offered Rate.

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

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

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

New businesses. Our consolidated results for fiscal 2014 include one additional quarter of operating activity from the acquisitions of Yoki Alimentos S.A. in Brazil (second quarter of fiscal 2013) and the assumption of the Canadian Yoplait franchise license (second quarter of 2013). Our consolidated results for 2014 also include three additional quarters of operating activity from the acquisition of Immaculate Baking Company in the United States (third quarter of fiscal 2013). Our consolidated results for fiscal 2013 include operating activity from the acquisitions of Yoki Alimentos, Yoplait Ireland (first quarter of fiscal 2013), Food Should Taste Good in the United States (fourth quarter of fiscal 2012), Parampara Foods in India (first quarter of fiscal 2013), Immaculate Baking Company, and the assumption of the Canadian Yoplait franchise license. Also included in the first quarter of fiscal 2013 are two additional months of results from the acquisition of Yoplait S.A.S. (first quarter of fiscal 2012). Collectively, these items are referred to as "new businesses" in comparing our fiscal 2014 results to fiscal 2013 and fiscal 2013 results to fiscal 2012.

Noncontrolling interests. Interests of subsidiaries held by third parties.

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

OCI. Other comprehensive income (loss).

Operating cash flow to debt ratio. Net cash provided by operating activities, divided by the sum of notes payable and long-term debt, including the current portion.

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

Reporting unit. An operating segment or a business one level below an operating segment.

Return on average total capital. Net earnings attributable to General Mills, excluding after-tax net interest, and adjusted for certain items affecting year-over-year comparability, divided by average total capital.

Segment operating profit margin. Segment operating profit divided by net sales for the segment.

Supply chain input costs. Costs incurred to produce and deliver product, including costs for ingredients and conversion, inventory management, logistics, and warehousing.

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

Transaction gains and losses. The impact on our Consolidated Financial Statements of foreign exchange rate changes arising from specific transactions.

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

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

Working capital. Current assets and current liabilities, all as of the last day of our fiscal year.

ITEM 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A Controls and Procedures

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the 1934 Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of May 25, 2014, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the 1934 Act is (1) recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the 1934 Act) during our fiscal quarter ended May 25, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of General Mills, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the 1934 Act. The Company's internal control system was designed to provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 25, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (1992).*

Based on our assessment using the criteria set forth by COSO in *Internal Control – Integrated Framework (1992)*, management concluded that our internal control over financial reporting was effective as of May 25, 2014.

KPMG LLP, our independent registered public accounting firm, has issued a report on the effectiveness of the Company's internal control over financial reporting.

/s/ K. J. Powell

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

/s/ D. L. Mulligan

D. L. Mulligan
Executive Vice President and Chief
Financial Officer

July 3, 2014

Our independent registered public accounting firm's attestation report on our internal control over financial reporting is included in the "Report of Independent Registered Public Accounting Firm" in Item 8 of this report.

ITEM 9B Other Information

None.

PART III

ITEM 10 Directors, Executive Officers and Corporate Governance

The information contained in the sections entitled "Proposal Number 1 — Election of Directors," "Director Nominations," and "Section 16(a) Beneficial Ownership Reporting Compliance" contained in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

Information regarding our executive officers is set forth in Item 1 of this report.

The information regarding our Audit Committee, including the members of the Audit Committee and audit committee financial experts, set forth in the section entitled "Board Committees and Their Functions" contained in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

We have adopted a Code of Conduct applicable to all employees, including our principal executive officer, principal financial officer, and principal accounting officer. A copy of the Code of Conduct is available on our website at *www.generalmills.com.* We intend to post on our website any amendments to our Code of Conduct and any waivers from our Code of Conduct for principal officers.

ITEM 11 Executive Compensation

The information contained in the sections entitled "Executive Compensation," "Director Compensation," and "Compensation Risk Assessment" in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained in the section entitled “Ownership of General Mills Common Stock by Directors, Officers and Certain Beneficial Owners” in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of May 25, 2014 with respect to our equity compensation plans:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2)(a)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (1)) (3)
Equity compensation plans approved by security holders	54,135,227(b)	$32.10	30,759,224(d)
Equity compensation plans not approved by security holders	178,073(c)	$ —	—
Total	54,313,300	$32.10	30,759,224

(a) Weighted-average term of outstanding options is 4.74 years.

(b) Includes 44,169,039 stock options, 7,892,072 restricted stock units, and 2,074,116 restricted stock units that have vested and been deferred.

(c) Includes 178,073 restricted stock units that have vested and been deferred. These awards include stock options granted to a broad group of employees in fiscal 2003 and 2004, 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.

(d) Includes stock options, restricted stock, restricted stock units, shares of unrestricted stock, stock appreciation rights, and performance awards that we may award under our 2011 Stock Compensation Plan, which had 29,621,268 shares available for grant at May 25, 2014. Also includes stock options and restricted stock units that we may award under our 2011 Compensation Plan for Non-Employee Directors, which had 1,137,956 shares available for grant at fiscal year end.

ITEM 13 Certain Relationships and Related Transactions, and Director Independence

The information set forth in the sections entitled “Board Independence” and “Certain Relationships and Related Transactions” contained in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14 Principal Accounting Fees and Services

The information contained in the section entitled “Independent Registered Public Accounting Firm Fees” in our definitive Proxy Statement for our 2014 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

ITEM 15 Exhibits, Financial Statement Schedules

1. Financial Statements:

The following financial statements are included in Item 8 of this report:

Consolidated Statements of Earnings for the fiscal years ended May 25, 2014, May 26, 2013, and May 27, 2012.

Consolidated Statements of Comprehensive Income for the fiscal years ended May 25, 2014, May 26, 2013, and May 27, 2012.

Consolidated Balance Sheets as of May 25, 2014, and May 26, 2013.

Consolidated Statements of Cash Flows for the fiscal years ended May 25, 2014, May 26, 2013, and May 27, 2012.

Consolidated Statements of Total Equity and Redeemable Interest for the fiscal years ended May 25, 2014, May 26, 2013, and May 27, 2012.

Notes to Consolidated Financial Statements.

Report of Management Responsibilities.

Report of Independent Registered Public Accounting Firm.

2. Financial Statement Schedule:

For the fiscal years ended May 25, 2014, May 26, 2013, and May 27, 2012:

II – Valuation and Qualifying Accounts

3. Exhibits:

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
3.2	By-laws of the Registrant (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed June 30, 2014).
4.1	Indenture, dated as of February 1, 1996, between the Registrant and U.S. Bank National Association (f/k/a First Trust of Illinois, National Association) (incorporated herein by reference to Exhibit 4.1 to Registrant's Registration Statement on Form S-3 filed February 6, 1996 (File no. 333-00745)).
4.2	First Supplemental Indenture, dated as of May 18, 2009, between the Registrant and U.S. Bank National Association (incorporated herein by reference to Exhibit 4.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
10.1*	2001 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).
10.2*	2003 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.3* 2005 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.4* 2006 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.5* 2007 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.6* 2009 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.7 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.7* 2011 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).

10.8* 2011 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).

10.9* Executive Incentive Plan (incorporated herein by reference to Exhibit 10.8 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).

10.10* Executive Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 28, 2010).

10.11* Separation Pay and Benefits Program for Officers.

10.12* Supplemental Savings Plan (incorporated herein by reference to Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).

10.13* Supplemental Retirement Plan (Grandfathered) (incorporated herein by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).

10.14* 2005 Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10.13 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).

10.15* Deferred Compensation Plan (Grandfathered) (incorporated herein by reference to Exhibit 10.14 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).

10.16* 2005 Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.15 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).

10.17* Executive Survivor Income Plan (incorporated herein by reference to Exhibit 10.6 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 29, 2005).

10.18* Aircraft Time Sharing Agreement, dated December 12, 2007, between General Mills Sales, Inc. and Kendall J. Powell (incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed December 14, 2007).

10.19* Supplemental Benefits Trust Agreement (incorporated herein by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).

10.20* Supplemental Benefits Trust Agreement (incorporated herein by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).

10.21 Agreements, dated November 29, 1989, by and between the Registrant and Nestle S.A. (incorporated herein by reference to Exhibit 10.15 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 28, 2000).

10.22 Protocol and Addendum No. 1 to Protocol of Cereal Partners Worldwide, dated November 21, 1989, between the Registrant and Nestle S.A. (incorporated herein by reference to Exhibit 10.16 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 27, 2001).

10.23	Addendum No. 2 to the Protocol of Cereal Partners Worldwide, dated March 16, 1993, between the Registrant and Nestle S.A. (incorporated herein by reference to Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 30, 2004).
10.24	Addendum No. 3 to the Protocol of Cereal Partners Worldwide, effective as of March 15, 1993, between the Registrant and Nestle S.A. (incorporated herein by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 28, 2000).
10.25 +	Addenda Nos. 4 and 5 to the Protocol of Cereal Partners Worldwide between the Registrant and Nestle S.A. (incorporated herein by reference to Exhibit 10.26 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
10.26	Addendum No. 10 to the Protocol of Cereal Partners Worldwide, dated January 1, 2010, among the Registrant, Nestle S.A. and CPW S.A. (incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2010).
10.27 +	Addendum No. 11 to the Protocol of Cereal Partners Worldwide, dated July 17, 2012, among the Registrant, Nestle S.A., and CPW S.A. (incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 26, 2012).
10.28	Five-Year Credit Agreement, dated as of April 16, 2012, among the Registrant, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed April 20, 2012).
10.29	Amendment No. 1 to Five-Year Credit Agreement, dated as of May 18, 2012, among the Registrant, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10.31 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 27, 2012).
10.30	Five-Year Credit Agreement, dated as of May 23, 2014, among the Registrant, the several financial institutions from time to time party to the agreement, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed May 30, 2014).
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Registrant's Annual Report on Form 10-K for the fiscal year ended May 25, 2014 formatted in eXtensible Business Reporting Language: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Earnings; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Total Equity and Redeemable Interest; (v) the Consolidated Statements of Cash Flows; (vi) the Notes to Consolidated Financial Statements; and (vii) Schedule II – Valuation of Qualifying Accounts.

---

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15 of Form 10-K.
+ Confidential information has been omitted from the exhibit and filed separately with the SEC pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of certain instruments defining the rights of holders of our long-term debt are not filed and, in lieu thereof, we agree to furnish copies to the SEC upon request.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL MILLS, INC.

Dated: July 3, 2014

By: /s/ Roderick A. Palmore
Name: Roderick A. Palmore
Title: Executive Vice President,
General Counsel and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kendall J. Powell Kendall J. Powell	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	July 3, 2014
/s/ Donal L. Mulligan Donal L. Mulligan	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	July 3, 2014
/s/ Jerald A. Young Jerald A. Young	Vice President, Controller (Principal Accounting Officer)	July 3, 2014
/s/ Bradbury H. Anderson Bradbury H. Anderson	Director	July 3, 2014
/s/ R. Kerry Clark R. Kerry Clark	Director	July 3, 2014
/s/ Paul Danos Paul Danos	Director	June 24, 2014
/s/ William T. Esrey William T. Esrey	Director	July 3, 2014
/s/ Raymond V. Gilmartin Raymond V. Gilmartin	Director	July 3, 2014
/s/ Judith Richards Hope Judith Richards Hope	Director	July 3, 2014
/s/ Heidi G. Miller Heidi G. Miller	Director	July 3, 2014
/s/ Hilda Ochoa-Brillembourg Hilda Ochoa-Brillembourg	Director	July 3, 2014
/s/ Steve Odland Steve Odland	Director	June 24, 2014
/s/ Michael D. Rose Michael D. Rose	Director	July 3, 2014
/s/ Robert L. Ryan Robert L. Ryan	Director	July 3, 2014
/s/ Dorothy A. Terrell Dorothy A. Terrell	Director	July 3, 2014
Henrietta H. Fore*	Director	

* Elected to the Board Directors on June 24, 2014

General Mills, Inc. and Subsidiaries
Schedule II - Valuation of Qualifying Accounts

	Fiscal Year		
In Millions	**2014**	2013	2012
Allowance for doubtful accounts:			
Balance at beginning of year	**$ 19.9**	$ 21.7	$ 16.3
Additions charged to expense	**12.5**	12.0	13.3
Bad debt write-offs	**(11.6)**	(8.2)	(12.9)
Other adjustments and reclassifications	**0.2**	(5.6)	5.0
Balance at end of year	**$ 21.0**	$ 19.9	$ 21.7
Valuation allowance for deferred tax assets:			
Balance at beginning of year	**$ 232.8**	$384.4	$404.5
Additions charged to expense	**0.1**	5.3	1.8
Adjustments due to acquisition, translation of amounts, and other	**(11.3)**	(156.9)	(21.9)
Balance at end of year	**$ 221.6**	$232.8	$384.4
Reserve for restructuring and other exit charges:			
Balance at beginning of year	**$ 19.5**	$ 85.9	$ 7.2
Additions charged to expense, including translation amounts	**6.4**	10.6	82.4
Net amounts utilized for restructuring activities	**(22.4)**	(77.0)	(3.7)
Balance at end of year	**$ 3.5**	$ 19.5	$ 85.9
Reserve for LIFO valuation:			
Balance at beginning of year	**$ 221.8**	$222.7	$168.5
Increase (Decrease)	**(4.9)**	(0.9)	54.2
Balance at end of year	**$ 216.9**	$221.8	$222.7

Exhibit Index

Exhibit No.	Description
10.11	Separation Pay and Benefits Program for Officers.
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Registrant's Annual Report on Form 10-K for the fiscal year ended May 25, 2014 formatted in eXtensible Business Reporting Language: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Earnings; (iii) the Consolidated Statements of Comprehensive Earnings; (iv) the Consolidated Statements of Total Equity and Redeemable Interest; (v) the Consolidated Statements of Cash Flows; (vi) the Notes to Consolidated Financial Statements; and (vii) Schedule II – Valuation of Qualifying Accounts.

Exhibit 10.11

General Mills Separation Pay and Benefits Program for Officers

Introduction

This document sets forth the Separation Pay and Benefits Program for Officers (the "Program") of General Mills, Inc. (the "Company"). The provisions of the Program, as amended from time to time, reflect a comprehensive review undertaken by the Company of its severance policies and programs, and govern terminations of employment following the effective date (the "Effective Date") of the Program's adoption by the Company's Board of Directors (the "Board").

The provisions of the Program are set forth in two independent component plans. Plan A of the Program ("Plan A") formalizes the Company's existing severance practices, and Plan B of the Program ("Plan B") sets forth certain provisions that will apply in respect of terminations of employment of certain officers following a Change of Control (as defined herein).

The Program serves as the umbrella document governing severance policies of the Company. However, each of Part A and Part B, as subplans of the Program, constitute independent employee benefit plans and shall be treated for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as distinct plans.

The Program supersedes any severance plans, policies and/or practices in effect on the Effective Date at the Company and its Affiliates with respect to Participants (as defined in Plan A) and Change of Control Participants (as defined in Plan B).

The Program was amended and restated generally effective as of May 5, 2014.

Plan A

ARTICLE I
PURPOSE

This Plan A is intended to formalize the Company's separation pay and benefits policy. The purpose of this Plan A is to provide transitional pay and benefits for a limited period of time to certain terminated employees. The Company reserves the right to amend or terminate this Plan A by action of the Committee in accordance with the amendment and termination provisions set forth below.

ARTICLE II
DEFINITIONS

As used in this Plan A, the following words and phrases shall have the following respective meanings (unless the context clearly indicates otherwise):

2.1 Administrator. The Company.

2.2 Affiliate. An Affiliate of the Company shall mean any company controlled by, controlling, or under common control with, the Company.

2.3 Annual Base Salary. With respect to a Participant, the annual base salary in effect immediately prior to such Participant's Date of Termination.

2.4 Average Annual Bonus. The average of the applicable Participant's annual bonuses paid or payable under the Incentive Plan (including amounts earned but deferred), for each of the last three full fiscal years (or such lesser number of years for which such Participant was employed by the Company) prior to the year during which occurs the Participant's Date of Termination. In the event the Participant was not employed by the Company for the whole of any such fiscal year and not paid a full year's bonus, said bonus amount shall be annualized. Any Participant who has not yet received any bonuses shall be deemed to have an Average Annual Bonus of zero.

2.5 Cause. With respect to any Participant, any definition of "Cause" set forth in an employment, severance, or similar agreement between such Participant and the Company (or an Affiliate thereof), or, if no such definition exists, the occurrence of any of the following:

(a) the Participant's conviction of, or plea of guilty or no contest with respect to, a felony;

(b) the improper disclosure by the Participant of proprietary information or trade secrets of the Company and its Affiliates;

(c) willful failure to perform, or negligent performance of, one's employment duties;

(d) the falsification by the Participant of any records or documents of the Company and its Affiliates;

(e) the willful misconduct, misappropriation, breach of fiduciary duty, fraud, or embezzlement of the Participant with regard to the Company and its Affiliates;

(f) the violation by the Participant of any employment rules, policies (including the Company's Code of Conduct) or procedures of the Company and its Affiliates; or

(g) any intentional or gross misconduct of the Participant that injures the business or reputation of the Company and its Affiliates.

2.6 Change of Control. As defined in Part B of this Program.

2.7 Code. The Internal Revenue Code of 1986, as amended from time to time.

2.8 Committee. The Compensation Committee of the Board.

2.9 Company. As defined in the preamble and in Section 6.2 of this Plan A.

2.10 Comparable Job. A job offering (i) no reduction in base salary of more than 10%, (ii) no reduction in the annual cash compensation opportunity (i.e., base salary plus target bonus) of more than 10% (iii) no material adverse reduction in duties and responsibilities, and (iv) no requirement of relocation to a job location more than 50 miles from the Participant's then-current job location.

2.11 Date of Termination. The applicable Participant's last day of active employment (or last day of Leave of Absence), as designated by the Company.

2.12 Incentive Plan. The Company's Executive Incentive Plan, or other formal incentive bonus plans maintained by the Company, an Affiliate, or another entity in which the Company has a significant equity interest, or any such predecessor or successor plan.

2.13 Interest. Interest on the applicable delayed payment equal to the "prime rate" (as reported in the Wall Street Journal on the Date of Termination) plus 1%, which interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed from and including the Date of Termination through, but excluding, the date of payment.

2.14 Leave of Absence. Any absence from work authorized by the Company or an Affiliate thereof, whether paid or unpaid, including but not limited to, absences because of bereavement, extended care of a family member, personal emergencies, sick time, disability (short-term or long-term), education, vacation, sabbatical, worker's compensation, jury duty and active military service. The duration of the applicable Leave of Absence, including the date when the Participant is required to return to his or her active duties, shall be determined in the Company's sole discretion, subject to applicable legal requirements.

2.15 Multiple. With respect to any Participant, such Participant's "Multiple" shall be the number so designated on Appendix A of this Plan A. A Multiple may be either a whole number or a fractional number.

2.16 Participant. Any employee of the Company and its Affiliates at the level of Vice President or above who are designated by the Company as Officers, and any other employees of the Company and its Affiliates designated as Participants on Appendix A of this Plan A.

2.17 Section 409A. Section 409A of the Code.

2.18 Separation Benefits. The amounts and benefits payable or required to be provided in accordance with Section 4.3 of this Plan A.

ARTICLE III
ELIGIBILITY

3.1 Participation. A Participant shall cease to be a Participant in this Plan A if such Participant ceases to be employed by the Company and its Affiliates under circumstances not entitling such Participant to Separation Benefits or if such Participant ceases to be employed by the Company and its Affiliates at the officer level of Vice President or above.

3.2 No Termination of Participation Following Termination Entitling Participant to Benefits Under Plan. Notwithstanding Section 3.1 of this Plan A, a Participant who is entitled, as a result of a cessation of employment while a Participant, to receive benefits under this Plan A, shall remain a Participant in this Plan A (and shall not be subject to a reduction of such Participant's Multiple) until the amounts and benefits payable under this Plan A have been paid or provided to such Participant in full.

3.3 Special Rules for Non-U.S. Participants. The following provisions apply to Participants whose primary place of employment is outside the United States ("Non-U.S. Participants"):

(a) The intent of the Plan is to cover all Company employees who come within the definition of Participant whether or not their primary place of employment is in the United States. For purposes of clarification, Non-U.S. Participants must be officers of the Company, as solely determined in the discretion of the Company on its corporate books, in addition to having the title of Vice President or above.

(b) The Company's intent is to provide Non-U.S. Participants the same levels and amounts of benefits as other Participants, but not more than other Participants would be entitled to under the Plan. It is acknowledged that certain Non-U.S. Participants may be covered by laws outside the U.S., including national, provincial, and/or local laws, governing the employment relationship between said Participants and the Company. It is further acknowledged that Non-U.S. Participants may have individual or collective employment agreements that contain applicable employment separation provisions. However, in no case shall the Company pay any amounts, or provide any benefits, which are related in any manner to a Participant's separation of employment from the Company, greater than the amounts or in addition to the benefits or coverages, otherwise provided for under the Plan.

(c) Any amounts due to a Non-U.S. Participant relating to employment separation rights or claims under any non-U.S. laws (as generally referred to above) or any applicable individual or collective employment agreement shall reduce the amount of cash and benefits due under this Plan (the "Offset"). Any such reduction shall be made in a manner determined by the Administrator in its sole discretion to be equivalent in value. For purposes of description and example and not limitation, such offsetting amounts may be claims for severance pay, notice, notice pay, redundancy pay, redundancy notice, severance indemnity, end-of-service payments, wrongful or unfair dismissal awards/claims, discriminatory termination awards/claims, retaliatory termination ("victimization"), or other employment termination awards/claims.

(d) If, for any reason, the Offset is not possible, or if any non-U.S. laws or any individual or collective agreement would require the Company to pay or provide benefits or coverages greater than an amount otherwise due under this Plan, or if any non-U.S. laws, or any individual or collective agreement would prevent any Non-U.S. Participant from effectively and completely releasing the Company from all claims, then the employee in question shall become ineligible for any payments or benefits under this Plan retroactively, *nunc pro tunc*, and any and all claims under or interests in this Plan shall be immediately forfeited.

(e) The provisions of this Section are in addition to the other terms and conditions of the Plan. In particular, the requirements of Sections 4.1 and 4.2 must be satisfied by Non-U.S. Participants.

ARTICLE IV
SEPARATION BENEFITS

4.1 Right to Separation Benefits. A Participant shall be entitled to receive from the Company the Separation Benefits as provided in Section 4.3 of this Plan A if (a) such Participant's employment with the Company and its Affiliates has been terminated for a reason specified in Section 4.2(a) of this Plan A, (b) such Participant has not refused an offer of employment by the Company and its Affiliates for a Comparable Job, and (c) such Participant executes within 50 days (or such shorter period as is required of such Participant by the Company) following the Date of Termination (and does not revoke), in a form that is satisfactory to the Company, such documents as the Company may require, which shall include a separation agreement that contains an effective general release of all known and unknown claims against the Company in a form consistent with the Company's past practice, and may include provisions binding the Participant to confidentiality, cooperation with litigation, non-disparagement, non-competition, and/or non-solicitation agreements (in the event that a Participant fails to execute such documents within the required time period or revokes any such document, the Company may recover any payments or benefits paid or provided hereunder to such Participant and shall cease to pay or provide any further payments or benefits hereunder to such Participant).

4.2 Termination of Employment.

(a) Terminations Which Give Rise to Separation Benefits Under This Plan A. Any termination under the following circumstances shall be deemed to be a termination for a reason specified in Section 4.2(a) of this Plan A: any involuntary termination of employment initiated by the Company and its Affiliates (excluding any transfer to the Company or an Affiliate thereof) other than for Cause or Disability (as defined below). A termination of employment will not be deemed to be described by this paragraph if it occurs in connection with a transfer by the Company and its Affiliates of assets or stock, and the applicable Participant receives an offer of a Comparable Job with the transferee of such assets or stock (whether before, at the time of, or immediately after the closing of such transfer). In the case of an involuntary termination of employment initiated by the Company and its Affiliates other than for Cause, the applicable Participant must remain employed (or on approved Leave of Absence) until the date of termination communicated by the Company in order for the termination to qualify as a termination described by this paragraph. A termination of employment will not be deemed to be described by this paragraph if it follows a period of community assignment. The Company and the applicable Participant shall take all steps necessary (including with regard to any post-termination services by such Participant) to ensure that any termination described in this Section 4.2(a) of this Plan A constitutes a "separation from service" within the meaning of Section 409A.

(b) Terminations Which Do Not Give Rise to Separation Benefits Under This Plan A. If a Participant's employment is terminated for Cause, Disability (within the meaning of the Company's long-term disability plan applicable to the Participant), as a result of the Participant's death, or due to voluntary termination, such termination shall not be deemed to be a termination for a reason specified in Section 4.2(a) of this Plan A and the Participant shall not be entitled to Separation Benefits under this Plan A.

4.3 Separation Benefits.

(a) If a Participant's employment is terminated under the circumstances set forth in Section 4.1 of this Plan A entitling such Participant to Separation Benefits, the Company shall pay or provide, as the case may be, to such Participant the amounts and benefits set forth in items (i) through (iii) below (the "Separation Benefits"):

(i) the Company shall pay to the Participant the following amounts:

(A) the Participant's base salary through the Date of Termination to the extent not theretofore paid, payable in a lump sum as soon as practicable, but in no event later than the Company's next scheduled payroll date, following the Date of Termination; and

(B) the product of (1) the actual annual bonus, if any, the Participant would have received for the fiscal year during which the Date of Termination occurs had such Participant remained employed through the conclusion of such year (based on actual performance) and (2) a fraction, the numerator of which is the number of days in such year through the Date of Termination, and the denominator of which is 365, payable following the conclusion of such year but in no event more than two-and-a-half months following such conclusion; and

(C) an amount equal to the product of (1) the Multiple and (2) the sum of (x) the Participant's Annual Base Salary (or, if the Date of Termination follows a Change of Control and the Participant's base salary was higher immediately prior to such Change of Control, such higher salary) and (y) the Average Annual Bonus, such amounts to be paid ratably in accordance with the Company's regular payroll practices over a period of years equal to the applicable Multiple;

(ii) for a number of years after the Participant's Date of Termination equal to the Multiple, the Company shall cause the Company's welfare plans to continue medical and dental benefits to the Participant and/or the Participant's family on the same terms applicable to similarly situated active employees, with the Participant's share of the premiums no greater than that applicable to such similarly situated active employees; provided, however, that if the Participant becomes reemployed with another employer and is eligible to receive medical and/or dental benefits under another employer provided plan, the medical and/or dental benefits, as applicable, described herein shall terminate; and, provided, further, that the benefits provided hereunder shall be provided in such a manner that such benefits (and the costs and premiums thereof) are excluded from the Participant's income for federal income tax purposes. Notwithstanding the foregoing, if the Company reasonably determines that providing continued coverage under one or more of its welfare benefit plans contemplated herein could adversely affect the tax treatment of other participants covered under such plans, or would otherwise have adverse legal ramifications or adverse economic impact, the Company may, in its discretion, provide other insurance coverage substantially similar in the aggregate to the continued coverage otherwise required hereunder; and

Notwithstanding the preceding provisions of this Section 4.3, in the event that the applicable Participant is a "specified employee" (within the meaning of Section 409A) (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination) (a "Specified Employee") on the Date of Termination, any amounts that would be payable within the first six months following the Date of Termination pursuant to Section 4.3(a)(i)(C) of this Plan A that exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) with respect to such Participant shall be paid, with Interest from the date on which payment would otherwise have been made, on the first business day of the first calendar month that begins after the six-month anniversary of such Participant's "separation from service" within the meaning of Section 409A of the Code (the "Delayed Payment Date"); provided, however, that if such Participant who is a Specified Employee is a Change of Control Participant (as defined in Plan B of this Program), all amounts that would have been paid within the first six months following the Date of Termination pursuant to Section 4.3(a)(i)(C) of this Plan A shall be paid, with Interest from the date on which payment would otherwise have been made, on the Delayed Payment Date.

(b) Reductions in Certain Instances.

(i) The Separation Benefits provided under this Plan A shall be reduced (but not below zero) by the amount of any severance or separation pay and benefits and/or salary-based guaranteed compensation payments provided for under the terms of any other written employment, change in control, severance, consulting or similar agreement (including an offer letter) to which the applicable Participant and the Company (or an Affiliate thereof) are party or any other severance plan, policy or arrangement in which the Participant participates, or any statutory severance scheme applicable to the Participant, including, without limitation, the Worker Adjustment and Retraining Notification Act of 1988 set forth at 29 U.S.C. § 2101 et seq. or any similar state or local statute to the extent not preempted by ERISA (collectively, "Severance Arrangements"). Nothing in this Plan A shall be construed to provide separation pay or benefits that are duplicative of any separation pay, which shall include the payment of salary-based guaranteed compensation, or benefits provided to a Participant pursuant to any Severance Arrangement. Without limiting the generality of the foregoing, if any federal, state or local law (to the extent not preempted by ERISA), including without limitation, worker's compensation laws (and excluding applicable state or federal laws regarding jury duty or active military service) or any Company policy, benefit or practice, including, without limitation, disability benefits or vacation pay (excluding vacation accrued but unused prior to the Date of Termination) either provides or requires the Company to provide a Participant with income in place of such Participant's salary or vacation pay accruing after the Date of Termination, then the Separation Benefits to which the Participant would have been entitled under this Plan A shall be reduced by the amount of such replacement pay or such post-Date of Termination vacation pay received by the Participant. For clarity, the Company's qualified and non-qualified retirement plans are not considered Severance Arrangements for purposes of this paragraph and amounts payable under this Plan A shall not be reduced pursuant to this paragraph as a result of amounts payable under such qualified and non-qualified retirement plans.

(ii) The Company also reserves the right, subject to Section 409A of the Code, to offset any separation pay or benefits under this Plan A by any advances, expenses, loans, claims for damages or other monies (including any tax withholding due in respect of payments hereunder or otherwise) the applicable Participant owes the Company or any of its Affiliates (except for any personal or business loan for which the Participant may have contracted with the Company or any of its Affiliates).

(iii) In the event that any payment or benefit under this Plan A would be non-deductible as a result of the application of Section 280G of the Code, such payment or benefit shall be reduced to the maximum amount that may be paid or provided without any payment or benefit to the applicable Participant being non-deductible as a result of the application of Section 280G of the Code. Such reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections of this Plan A in the following order: (1) Section 4.3(a)(i)(C), (2) Section 4.3(a)(ii), , and (3) Section 4.3(a)(i)(B).

(iv) If a Participant obtains employment within the Company or any of its Affiliates following a termination entitling such Participant to Separation Benefits and prior to the expiration of the number of weeks of such Separation Benefits, any Separation Benefits will cease immediately.

(v) Notwithstanding the provisions of any other section of this Plan A, Separation Benefits may be discontinued if the applicable Participant is determined by the Administrator (1) to have engaged in conduct at any time while employed by the Company that would have provided a basis for a for-Cause termination, (2) to have violated any of the representations or obligations undertaken by the Participant by executing such documents as the Company may require pursuant to Section 4.1(c) of this Plan A in order for the Participant to be eligible for Separation Benefits under this Plan A, or (3) to have engaged in any conduct or act that was injurious, detrimental or prejudicial to the interest of the Company. This paragraph shall have no application following a Change of Control.

ARTICLE V
ADMINISTRATION

5.1 Benefits Unsecured. The separation pay and benefits and costs of this Plan A are payable by the Company out of its general assets, with the exception of any portion of the premiums or costs for continued benefit coverage for which Participants will be responsible. The right of a Participant to receive payments or benefits under this Plan A shall be only that of an unsecured creditor against the assets of the Company and payments and benefits under this Plan A shall be made solely from the assets of the Company. No Participant shall have any right to any specific assets of the Company by virtue of this Plan A.

5.2 Administrator. The general administration of this Plan A and the responsibility for carrying out its provisions shall be vested in the Administrator. The Company shall be the "Administrator" within the meaning of Section 3(16) of ERISA and shall have all the responsibilities and duties contained therein. The Administrator shall have the authority to appoint and delegate its responsibilities under this Plan A and to designate other persons to carry out any of its responsibilities under this Plan A. The Administrator and/or its designee(s) shall have such discretionary powers as are necessary or appropriate to discharge his, her or its duties, including but not limited to, discretionary interpretation and construction of this Plan A, and the determination of all questions of eligibility, participation and benefits and all other related or incidental matters, provided that during the two-year period following a Change of Control (and thereafter, to the extent the issue in question relates to a termination of employment during such period), decisions of the Administrator shall be subject to de novo review in the courts. The Administrator's (and/or its designee's) decision will be binding on the applicable Participant, the Participant's spouse or other dependent or beneficiary and all other interested parties, subject to review or correction only to the extent that such a decision, determination or construction is shown by clear and convincing evidence to be arbitrary and capricious, provided that during the two-year period following a Change of Control (and thereafter, to the extent the issue in question relates to a termination of employment during such period), decisions of the Administrator shall be subject to de novo review in the courts. The Administrator and/or its designee may adopt rules and regulations of uniform applicability in his/her interpretation and implementation of this Plan A. In order for a Participant to be eligible for Separation Benefits, the Administrator and/or its designee shall require each Participant to execute (and not revoke), such documents as the Administrator and/or its designee may require pursuant to Section 4.1(c) of this Plan A and to provide proof of any information that the Administrator finds necessary or desirable for the proper administration of this Plan A.

5.3 Claims Procedures. Any claim for benefits under this Plan A must be submitted in writing to the Administrator. If a claim for benefits under this Plan A is denied in whole or in part, the claimant (or his or her authorized representative) will be notified by the Administrator within 90 days of the date the claim is delivered to the Administrator, unless special circumstances require an extension of time for processing the claim, in which case the claimant will be provided written notification, prior to the termination of the initial 90-day period, of the special circumstances requiring an extension and the date (not to exceed a period of an additional 90 days) by which the Administrator expects to render a final decision. The notification will be written in understandable language and will state (a) specific reasons for denial of the claim, (b) specific references to any provision of this Plan A on which the denial is based, (c) a description (if appropriate) of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and (d) an explanation of this Plan A's review procedure and the time limits applicable to such procedures, including the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. A claim that is not acted upon within 90 days may be deemed by the claimant to have been denied.

5.4 Review of Claim Denials. Within 60 days after a claim has been denied, or deemed denied, the claimant or his or her authorized representative may make a request for a full and fair review by submitting to the Administrator a written statement (a) requesting a review of the denial of the claim, (b) setting forth all of the grounds upon which the request for review is based and any facts in support thereof, and (c) setting forth any issue or comments which the claimant deems relevant to the claim. The claimant or his or her authorized representative, shall have, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits and may submit comments, documents, records and other information relating to the claim in writing. The review shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Administrator shall make a decision on review within 60 days after the receipt of the claimant's request for review, unless the Administrator determines that special circumstances require an extension of time for processing a review is required, in which case the claimant will be notified and a decision will be made within 120 days of receipt of the request for review. If the Administrator determines that an extension of time is required, written notice shall be furnished to the claimant prior to the termination of the initial 60-day period which shall indicate the special circumstances requiring the extension and the date by which the Administrator expects to render a final decision. The decision will be in writing and in understandable language. The decision shall set forth (i) specific reasons for the denial of the claim, (ii) specific references to any plan provision on which the benefit determination is based, (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and (iv) a statement describing any voluntary appeal procedures offered by this Plan A and the claimant's right to obtain information about such procedures and a statement of the claimant's right to bring an action under section 502(a) of ERISA. The decision of the Administrator on review shall be final and conclusive upon all persons unless it is shown by clear and convincing evidence to be arbitrary and capricious. The claimant may pursue a grievance in a federal court if he or she is improperly denied any right or remedy to which he or she is entitled under the Claim Review Procedure. No legal action may be brought to recover benefits allegedly due under this Plan A unless a claimant has exhausted the Claim Review Procedure set forth in this Plan A; and in no event may a claimant commence such a legal action more than one year from the date of the claim denial.

ARTICLE VI
MISCELLANEOUS

6.1 Amendment and Termination. This Plan A may be terminated or amended in any respect by resolution adopted by a majority of the Committee, provided that this Plan A may not be terminated or amended in any manner which would adversely affect the rights or potential rights of Participants if such action is taken in connection with, in anticipation of, during the six-month period prior to, or during the two-year period following, a Change of Control. No amendment or termination shall give the Company the right to recover any amount paid to a Participant prior to the date of such action or to cause the reduction, cessation or discontinuance of Separation Benefits to any person or persons under this Plan A already receiving or entitled to receive separation pay or benefits under this Plan A. No vested rights are provided under this Plan A, subject to Section 3.2 of this Plan A and to the Change of Control-related limitations set forth above on amendments and terminations.

6.2 Successors. This Plan A shall bind any successor of the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan A if no succession had taken place. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and to honor this Plan A in the same manner and to the same extent that the Company would be required to honor it if no such succession had taken place. The term "Company," as used in this Plan A, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Plan A.

6.3 Compliance With Law. Notwithstanding anything else contained in this Plan A, the Company shall not be required to make any payment or take any other action prohibited by law, including, but not limited to, any regulation, directive, or order of federal or state regulatory authorities.

6.4 Employment Status. This Plan A does not constitute a contract of employment or impose on any Participant, the Company, or any Affiliate of the Company any obligation to retain any Participant as an employee.

6.5 Benefits Not Assignable. Subject to Section 4.3 of this Plan A, payments and benefits under this Plan A are not assignable or subject to alienation since they are not vested and are solely for the support and maintenance of the applicable Participant. Likewise, such payments and benefits shall not be subject to attachment by creditors or through legal process against the Company, the Administrator or any Participant.

6.6 Tax Withholding. The Company may withhold from any amounts payable under this Plan A such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

6.7 Construction. The invalidity or unenforceability of any provision of this Plan A shall not affect the validity or enforceability of any other provision of this Plan A, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The captions of this Plan A are not part of the provisions hereof and shall have no force or effect.

6.8 Governing Law. This Plan A is subject to ERISA, but is intended to qualify as a plan which is unfunded and is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. To the extent not superseded by federal law, this Plan A shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws.

6.9 Section 409A. This Plan A is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be interpreted and administered in accordance with Section 409A of the Code. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Each payment under this Plan A shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under this Plan A. All reimbursements and in-kind benefits provided under this Plan A shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall reimbursements by the Company under this Plan A be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the applicable Participant shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the applicable Participant's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the applicable Participant's remaining lifetime (or if longer, through the 20th anniversary of the Date of Termination).

Appendix A of Plan A

With respect to the Participants individually listed below, the applicable Multiple shall be the Multiple set forth next to such Participant's name. For other Participants, the applicable Multiple shall be determined based on such Participant's position immediately prior to the Date of Termination, in accordance with the following table:

Position	Multiple
Vice President	1.0
Senior Vice President	1.5
Executive Vice President and Above	2.0

Notwithstanding the foregoing table, the Multiples for the following Participants shall be as set forth below:

Participant	Multiple

Plan B

ARTICLE I
PURPOSE

The Board has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of its senior executives, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is essential to diminish the inevitable distraction to its senior executives by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage its senior executives' full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide its senior executives with compensation and benefit arrangements upon a Change of Control which ensure that the compensation and benefits expectations of its senior executives will be satisfied and which are competitive with those of other corporations. This Plan B is intended to serve the aforementioned purposes. The Company reserves the right to amend or terminate this Plan B by action of the Committee (as defined below) in accordance with the amendment and termination provisions set forth below.

ARTICLE II
DEFINITIONS

As used in this Plan B, the following words and phrases shall have the following respective meanings (unless the context clearly indicates otherwise):

2.1 Affiliate. An Affiliate of the Company shall mean any company controlled by, controlling, or under common control with, the Company.

2.2 Annual Base Salary. With respect to a Change of Control Participant, twelve times the higher of the monthly base salary paid or payable, including any base salary which has been earned but deferred, to such Change of Control Participant by the Company and its Affiliates in respect of the month immediately preceding the month in which (i) the Change of Control occurs or (ii) such Change of Control Participant's Date of Termination occurs.

2.3 Average Annual Bonus. The average of the applicable Change of Control Participant's annual bonuses paid or payable under the Incentive Plan (including amounts earned but deferred), for each of the last three full fiscal years (or such lesser number of years for which such Change of Control Participant was employed by the Company) prior to the Change of Control (annualized in the event that such Change of Control Participant was not employed by the Company for the whole of any such fiscal year and not paid a full year's bonus for such year). In the case of a Change of Control Participant who has not yet received any bonuses, Average Annual Bonus shall equal such Change of Control Participant's target bonus, as calculated using a 1.50 corporate/unit rating and the target individual rating at the Change of Control Participant's level under the Incentive Plan for the fiscal year during which occurs the Change of Control.

2.4 Change of Control. Any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2.4; and provided, further, that if any Person's beneficial ownership of the Outstanding Company Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Company Voting Securities; or

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

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

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

2.5 Change of Control Multiple. With respect to any Change of Control Participant, such Change of Control Participant's "Change of Control Multiple" shall be as follows:

Position	Multiple
Executive Vice President and Above	2.0
Senior Vice President	1.5

2.6 Change of Control Participant. An employee of the Company and its Affiliates who is an officer of the Company in good standing and has been appointed by the Company's Senior Human Resources Officer to, and remains on, the Corporate Operating Committee, or is otherwise designated by the Committee (or its delegate) as a Change of Control Participant. Individuals may be removed from the Corporate Operating Committee by the Company's Senior Human Resources Officer by written action or by the Committee through written action, and shall no longer be Change of Control Participants. The Committee may also otherwise act to remove an individual from status as a Change of Control Participant. This section 2.6 is subject to the provisions and protections of Section 3.1.

2.7 Change of Control Separation Benefits. The amounts and benefits payable or required to be provided in accordance with Section 4.3 of this Plan B.

2.8 Code. The Internal Revenue Code of 1986, as amended from time to time.

2.9 Committee. The Compensation Committee of the Board.

2.10 Company. As defined in the preamble and in Section 6.1 of this Plan B.

2.11 Date of Termination. If a Change of Control Participant's employment is terminated by the Company for Cause, or by the Change of Control Participant for Good Reason, the Date of Termination shall be the date of receipt of the Notice of Termination (as described in Section 4.2(c) of this Plan B) or any later date specified therein, as the case may be. If a Change of Control Participant's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies such Change of Control Participant of such termination. If a Change of Control Participant's employment is terminated by the Change of Control Participant without Good Reason, the Date of Termination shall be the date on which the Change of Control Participant notifies the Company of such termination. If a Change of Control Participant's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of such Change of Control Participant or the Disability Effective Date, as the case may be.

2.12 Incentive Plan. The Company's Executive Incentive Plan, or other formal incentive bonus plans maintained by the Company, an Affiliate, or another entity in which the Company has a significant equity interest, or any predecessor or successor plan.

2.13 Interest. Interest on the applicable delayed payment equal to the "prime rate" (as reported in the Wall Street Journal on the Date of Termination (or, if it is not reported on such date, on the next following business day on which it is reported)) plus 1%, which interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed from and including the Date of Termination through, but excluding, the date of payment.

2.14 Section 409A. Section 409A of the Code.

2.15 Section 409A Change of Control. Section 409A Change of Control means a Change of Control that also constitutes a "change in the ownership or effective control" of the Company or "a change in the ownership of a substantial portion of the assets" of the Company (each as defined in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder as in effect from time to time).

2.16 Specified Employee. A Change of Control Participant who is a "specified employee" (within the meaning of Section 409A (a)(2)(B)(i) of the Code), as determined in accordance with the methodology established by the Company as in effect on the Date of Termination of such Change of Control Participant.

ARTICLE III
ELIGIBILITY

3.1 Participation. Individuals who are within the definition of Change of Control Participant may be added or removed as provided in Section 2.6, and the Change of Control Multiples may be altered, provided that no Change of Control Participant may be so removed nor may any Change of Control Multiple be altered (a) in connection with or in anticipation of a Change of Control or during the two-year period following a Change of Control, or (b) subject to Section 3.2(b) of this Plan B, without providing the applicable Change of Control Participant at least one year's notice of such removal or reduction.

3.2 Duration of Participation. A Change of Control Participant shall cease to be a Change of Control Participant in this Plan B if (a) such Change of Control Participant is removed as permitted by Section 3.1 of this Plan B or (b) such Change of Control Participant ceases to be employed by the Company and its Affiliates under circumstances not entitling such Change of Control Participant to Change of Control Separation Benefits.

3.3 No Termination of Participation Following Termination Entitling Change of Control Participant to Benefits Under Plan. Notwithstanding any other provision of this Plan B, a Change of Control Participant who is entitled, as a result of a cessation of employment while a Change of Control Participant, to receive benefits under this Plan B shall remain a Change of Control Participant in this Plan B (and shall not be subject to a reduction of such Change of Control Participant's Change of Control Multiple) until the amounts and benefits payable under this Plan B have been paid or provided to such Change of Control Participant in full.

3.4 Special Rules for Non-U.S. Change of Control Participants. The following provisions apply to Change of Control Participants, if any, whose primary place of employment is outside the United States ("Non-U.S. Change of Control Participants"):

(a) The intent of this Plan B is to cover Company employees who come within the definition of Change of Control Participant whether or not their primary place of employment is in the United States.

(b) The Company's intent is to provide Non-U.S. Change of Control Participants the same levels and amounts of benefits as other Change of Control Participants, but not more than other Change of Control Participants would be entitled to under the Plan. It is acknowledged that certain Non-U.S. Change of Control Participants may be covered by laws outside the U.S., including national, provincial, and/or local laws, governing the employment relationship between said Change of Control Participants and the Company. It is further acknowledged that Non-U.S. Change of Control Participants may have individual or collective employment agreements that contain applicable employment separation provisions. However, in no case shall the Company pay any amounts, or provide any benefits, which are related in any manner to a Change of Control Participant's separation of employment from the Company, greater than the amounts or in addition to the benefits or coverages, otherwise provided for under this Plan B.

(c) Any amounts due to a Non-U.S. Change of Control Participant relating to employment separation rights or claims under any non-U.S. laws (as generally referred to above) or any applicable individual or collective employment agreement shall reduce the amount of cash and benefits due under this Plan (the "Offset"). Any such reduction shall be made in a manner determined by the Administrator in its sole discretion to be equivalent in value. For purposes of description and example and not limitation, such offsetting amounts may be claims for severance pay, notice, notice pay, redundancy pay, redundancy notice, severance indemnity, end-of-service payments, wrongful or unfair dismissal awards/claims, discriminatory termination awards/claims, retaliatory termination ("victimization"), or other employment termination awards/claims.

(d) If, for any reason, the Offset is not possible, or if any non-U.S. laws or any individual or collective agreement would require the Company to pay or provide benefits or coverages greater than an amount otherwise due under this Plan B, or if any non-U.S. laws, or any individual or collective agreement would prevent any Non-U.S. Change of Control Participant from effectively and completely releasing the Company from all claims, then the employee in question shall become ineligible for any payments or benefits under this Plan retroactively, *nunc pro tunc*, and any and all claims under or interests in this Plan B shall be immediately forfeited.

(e) The provisions of this Section are in addition to the other terms and conditions of this Plan B. In particular, the requirements of Sections 4.1 and 4.2 must be satisfied by Non-U.S. Change of Control Participants.

ARTICLE IV
SEPARATION BENEFITS

4.1 Right to Change of Control Separation Benefits. A Change of Control Participant shall be entitled to receive from the Company the Change of Control Separation Benefits as provided in Section 4.3 of this Plan B if such Change of Control Participant's employment with the Company and its Affiliates has been terminated for any reason specified in Section 4.2(a) of this Plan B, and such termination occurred either (a) after a Change of Control and on or before the second anniversary thereof or (b) at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or in connection with or anticipation of a Change of Control (a termination of employment described in this Section 4.1(b), an "Anticipatory Termination").

4.2 Termination of Employment.

(a) Terminations Which Give Rise to Change of Control Separation Benefits Under This Plan. Any termination under the following circumstances shall be deemed to be a termination for a reason specified in this Section 4.2(a):

(i) any involuntary termination of employment of a Change of Control Participant initiated by the Company and its Affiliates (excluding any transfer to the Company or an Affiliate thereof) other than for Cause or Disability; or

(ii) any termination of employment by a Change of Control Participant for Good Reason. For purposes of this Plan B, "Good Reason" shall mean:

(A) the assignment to the applicable Change of Control Participant of any duties inconsistent in any material respect with such Change of Control Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, as in effect prior to the Change of Control (measured by reference to the most significant of those held, exercised, and assigned during the 180-day period immediately preceding the Change of Control), or any other action which results in a material diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by such Change of Control Participant;

(B) a decrease in the applicable Change of Control Participant's base salary below the base salary in effect immediately prior to the Change of Control;

(C) a failure, for any fiscal year, to provide the applicable Change of Control Participant (no later than two and a half months following such fiscal year, subject to any deferral elected by the Change of Control Participant on terms compliant with Section 409A) with an annual bonus at least equal to the Average Annual Bonus, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied promptly after receipt of notice thereof given by the Change of Control Participant;

(D) a decrease in the aggregate long-term incentive opportunities (at target levels), including equity- and cash-based programs, below the greatest of those offered to the applicable Change of Control Participant under the programs in which such Change of Control Participant participated any time during the 180-day period immediately preceding the Change of Control;

(E) the Company's requiring the applicable Change of Control Participant to be based at any office or location 50 or more miles from the location where such Change of Control Participant was employed immediately preceding the Change of Control or the Company's requiring the applicable Change of Control Participant to travel on Company business to a substantially greater extent than required immediately prior to the Change of Control; or

(F) any failure by the Company to comply with and satisfy Section 6.1 of this Plan B.

For purposes of this Section 4.2(a) of this Plan B, (x) a Change of Control Participant's ability to terminate employment for Good Reason shall be conditioned on the Change of Control Participant providing notice of the event or action giving rise to the right to terminate for Good Reason within 30 days of becoming aware of such event or action and the Company's failing to cure such event or action, if curable, within 30 days of receipt of such notice, (y) any good faith determination of "Good Reason" made by the Change of Control Participant shall be conclusive, and (z) a Change of Control Participant's mental or physical incapacity following the occurrence of an event described above in clauses (A) through (F) of Section 4.2(a)(ii) shall not affect such Change of Control Participant's ability to terminate employment for Good Reason. The Company and the applicable Change of Control Participant shall take all steps necessary (including with regard to any post-termination services by such Change of Control Participant) to ensure that any termination described in this Section 4.2(a) constitutes a "separation from service" within the meaning of Section 409A.

(b) Terminations Which Do Not Give Rise to Change of Control Separation Benefits Under This Plan. If a Change of Control Participant's employment is terminated for Cause or Disability (as those terms are defined below), as a result of the Change of Control Participant's death, or due to voluntary termination other than for Good Reason, such termination shall not be deemed to be a termination for a reason specified in Section 4.2(a) of this Plan B and the Change of Control Participant shall not be entitled to Change of Control Separation Benefits under this Plan B, regardless of the occurrence of a Change of Control; provided, however, that in the event of any such termination during the two-year period following a Change of Control, the Change of Control Participant (or the Change of Control Participant's estate, as applicable) shall be entitled to receive Accrued Obligations (except that in the event of a termination by the Company for Cause or by the Change of Control Participant without Good Reason, Accrued Obligations shall not for purposes of this sentence include the amount described in Section 4.3(a)(i)(A)(2) of this Plan B), provided that in the event that the Change of Control Participant is a Specified Employee and the termination is due to the Change of Control Participant's Disability, the portion of Accrued Obligations described in Section 4.3(a)(i)(A)(2) of this Plan B shall be paid, with Interest from the Date of Termination, on the first business day after the date that is six months following such Change of Control Participant's "separation from service" within the meaning of Section 409A of the Code. In addition, in the event of such a termination that is due to death or Disability, the applicable Change of Control Participant (or such Change of Control Participant's estate and/or beneficiaries, as applicable) shall be entitled to receive death or disability benefits, as applicable, at least equal to the most favorable benefits provided by the Company and its Affiliates under such plans, programs, practices and policies relating to death or disability benefits, as applicable, as in effect with respect to other peer executives and their beneficiaries at any time during the 180-day period immediately preceding the Change of Control or, if more favorable to the applicable Change of Control Participant (or such Change of Control Participant's estate and/or beneficiaries, as applicable), as in effect on the date of the Change of Control Participant's death or disability with respect to other peer executives of the Company and its Affiliates and their beneficiaries.

(i) A termination for "Disability" shall have occurred where the applicable Change of Control Participant is absent from such Change of Control Participant's duties with the Company and its Affiliates on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to such Change of Control Participant or such Change of Control Participant's legal representative. In such event, such Change of Control Participant's employment with the Company and its Affiliates shall terminate effective on the 30th day (the "Disability Effective Date") after receipt of the applicable Notice of Termination (as defined in Section 4.2(c) of this Plan B) by the Change of Control Participant, provided that, within the 30 days after such receipt, the Change of Control Participant shall not have returned to full-time performance of the Change of Control Participant's duties.

(ii) A termination for "Cause" shall have occurred where the applicable Change of Control Participant is terminated because of:

(A) the willful and continued failure of the Change of Control Participant to perform substantially the Change of Control Participant's duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Change of Control Participant by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or the Chief Executive Officer believes that the Change of Control Participant has not substantially performed the Change of Control Participant's duties, or

(B) the Change of Control Participant's conviction of, or plea of guilty or no contest to, a felony, or

(C) the Change of Control Participant's misappropriation or theft of Company assets, or

(D) the willful engaging by the Change of Control Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this Section 4.2(b)(ii), no act or failure to act, on the part of the Change of Control Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Change of Control Participant in bad faith or without reasonable belief that the Change of Control Participant's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority (A) given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent corporation of the Company and its Affiliates and is not publicly traded, the board of directors of the ultimate parent of the Company (the "Applicable Board"), (B) except with respect to an act or failure to act of the Chief Executive Officer, upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company who is senior to the applicable Change of Control Participant, or (C) based upon the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Change of Control Participant in good faith and in the best interests of the Company. The cessation of employment of the Change of Control Participant shall not be deemed to be for Cause unless and until there shall have been delivered to the Change of Control Participant a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the members of the Applicable Board who are not officers or employees of the Company at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Change of Control Participant and the Change of Control Participant is given an opportunity, together with counsel for the Change of Control Participant, to be heard before the Applicable Board), finding that, in the good faith opinion of the board, the Change of Control Participant is guilty of the conduct described in this Section 4.2(b)(ii), and specifying the particulars thereof in detail.

(c) Notice of Termination. Any termination by the Company for Cause or Disability, or by a Change of Control Participant for Good Reason, shall be communicated by a Notice of Termination to the other party. For purposes of this Plan B, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Plan B relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Change of Control Participant's employment under the provision so indicated and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice (except in the case of a termination due to Disability, in which case such date shall be the Disability Effective Date)). The failure by the Change of Control Participant or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Cause, or Disability shall not waive any right of the Change of Control Participant or the Company, respectively, hereunder or preclude the Change of Control Participant or the Company, respectively, from asserting such fact or circumstance in enforcing the Change of Control Participant's or the Company's rights hereunder.

4.3 Change of Control Separation Benefits.

(a) If a Change of Control Participant's employment is terminated under the circumstances set forth in Section 4.1 of this Plan B entitling such Change of Control Participant to Change of Control Separation Benefits, the Company shall pay or provide, as the case may be, to such Change of Control Participant the amounts and benefits set forth in items (i) through (iv) below (the "Change of Control Separation Benefits"):

(i) the Company shall pay to the Change of Control Participant in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Change of Control Participant's base salary through the Date of Termination to the extent not theretofore paid, and (2) the Change of Control Participant's

Average Annual Bonus, multiplied by a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the amounts described in this Section 4.3(a)(i)(A), the "Accrued Obligations"); and

(B) the amount equal to the product of (1) the Change of Control Multiple and (2) the sum of (x) the Change of Control Participant's Annual Base Salary and (y) the Average Annual Bonus;

(ii) for a number of years after the Change of Control Participant's Date of Termination equal to the Change of Control Multiple, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall cause its applicable welfare plans to continue medical and dental benefits to the Change of Control Participant and/or the Change of Control Participant's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies, as in effect immediately prior to the Change of Control, or if more favorable to the Change of Control Participant, as in effect immediately before the Date of Termination; provided, however, that if the Change of Control Participant becomes reemployed with another employer and is eligible to receive medical and/or dental benefits under another employer provided plan, the medical and/or dental benefits, as applicable, described herein shall be secondary to those provided under such other plan during such applicable period of eligibility; and, provided, further, that the benefits provided hereunder shall be provided in such a manner that such benefits (and the costs and premiums thereof) are excluded from the Change of Control Participant's income for federal income tax purposes. Notwithstanding the foregoing, if the Company reasonably determines that providing continued coverage under one or more of its welfare benefit plans contemplated herein could adversely affect the tax treatment of other participants covered under such plans, or would otherwise have adverse legal ramifications or adverse economic impact, the Company may, in its discretion, provide other insurance coverage substantially similar in the aggregate to the continued coverage otherwise required hereunder.

Notwithstanding the preceding provisions of this Section 4.3(a), in the event that the Change of Control Participant is a Specified Employee, amounts to be paid pursuant to Sections 4.3(a)(i)(A)(2) and 4.3(a)(ii) of this Plan B shall be paid, with Interest from the Date of Termination, on the first business day (the "Delayed Payment Date") after the date that is six months following such Change of Control Participant's "separation from service" within the meaning of Section 409A.

(b) Notwithstanding the preceding provisions of this Section 4.3, in the event the applicable Change of Control is not a Section 409A Change of Control, the payments under Section 4.3(a)(i)(B) of this Plan B shall be paid as follows: (i) the amount of such payments that would have been paid under Plan A of this Program upon a termination described in Section 4.2(a) thereof shall be paid in installments on the same payment schedule as would have applied under Plan A of this Program upon such a termination, and (ii) any additional amounts due under Section 4.3(a)(i)(B) of this Plan B shall be paid in a lump sum in accordance with the provisions of Section 4.3(a)(i)(B) of this Plan B (subject to the delay required by the final paragraph of Section 4.3(a), if applicable).

4.4 Net Best Calculation. If it is determined that Change of Control Separation Benefits are payable hereunder, the Company shall cause its independent auditors promptly to review, at the Company's sole expense, the applicability of Section 4999 of the Code to the Total Payments to be received by the Change of Control Participant. If such auditors determine that any of the Total Payments would be subject to the excise tax imposed by Code Section 4999 (or any successor provision thereto), or any interest or penalties with respect to such tax, by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such excise tax, together with interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then, if a reduction in the amount of Change of Control Separation Benefits sufficient to avoid the Excise Tax would result in an increase in the Total Payments that would be retained by the Change of Control Participant, net of all applicable taxes, then and only then, the Change of Control Separation Benefits shall be reduced to the amount that, when considered with all of the Total Payments taken into account under Section 280G, is One Dollar ($1.00) less than the smallest sum that would subject the Change of Control Participant to the Excise Tax. For the avoidance of doubt, in the event that the amount of payments due to the Change of Control Participant is not so reduced, the Change of Control Participant and not the Company, shall be solely responsible for the payment of all taxes, including any Excise Taxes, that become due thereon.

As used herein, "Total Payments" shall mean, collectively, any payment or benefit received or to be received by the Change of Control Participant in connection with a Change of Control of the Company or termination of the Change of Control Participant's employment (whether payable pursuant to the terms of this Plan or any other plan, contract, agreement, or arrangement with the Company, with any person whose actions result in a Change of Control of the Company, or with any person constituting a member of an "affiliated group" as defined in Section 280G(d)(5) of the Code) with the Company or with any person whose actions result in a Change of Control of the Company. For purposes of calculating Total Payments, (i) no portion of the Total Payments the receipt or enjoyment of which the Change of Control Participant shall have effectively waived in writing prior to the date of payment shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel selected by the Company and acceptable to the Change of Control Participant, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; and (iii) the value of any other non-cash benefit or of any deferred cash payment included in the Total Payments shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

4.5 Funding in Certain Circumstances. The Company has established a Supplemental Benefits Trust with Wells Fargo Bank Minnesota, N.A. as trustee to hold assets of the Company under certain circumstances as a reserve for the discharge of the Company's obligations under this Plan B and certain plans of deferred compensation of the Company. In the event of a termination entitling a Change of Control Participant to Change of Control Separation Benefits hereunder, the Company shall be obligated to immediately contribute such amounts to such trust as may be necessary to fully fund all benefits that may become due to such Change of Control Participant under this Article IV (except under Section 4.3(a)(ii) of this Plan B). All assets held in such trust shall remain subject only to the claims of the Company's general creditors whose claims against the Company are not satisfied because of the Company's bankruptcy or insolvency (as those terms are defined in the applicable trust agreement). Change of Control Participants do not have any preferred claim on, or beneficial ownership interest in, any assets of the trust before the assets are paid to them and all rights created under the trust, as under this Plan B, are unsecured contractual claims of Change of Control Participants against the Company. In the event the funding of the trust described in this paragraph does not occur, upon written demand by the applicable Change of Control Participant given at any time after the Date of Termination, the Company shall deposit in trust with an institutional trustee designated by the Change of Control Participant in such demand amounts which may become payable to the Change of Control Participant pursuant to this Article IV (except under Section 4.3(a)(ii) of this Plan B) with irrevocable instructions to pay amounts to the Change of Control Participant when due in accordance with the terms of this Plan B. All fees, expenses and other charges of any trustee of a trust described in this paragraph shall be paid by the Company. The trustee of any trust described in this paragraph shall be entitled to rely conclusively on the Change of Control Participant's written statement as to the fact that payments are due under this Plan B and the amount of such payments. Notwithstanding any other provision of this paragraph, (x) no trust shall be funded pursuant to this paragraph if the funding thereof would result in taxable income to any Change of Control Participant by reason of Section 409A(b) of the Code, and (y) in no event shall any assets of the trust contemplated by this paragraph at any time be located or transferred (within the meaning of Section 409A(b) of the Code) outside of the United States.

4.6 Payment Obligations Absolute. Upon a Change of Control, subject to Section 4.4(a) of this Plan B, the obligations of the Company to pay or provide the Change of Control Separation Benefits described in Section 4.3 of this Plan B shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company and its Affiliates may have against any Change of Control Participant. In no event shall a Change of Control Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to a Change of Control Participant under any of the provisions of this Plan B, nor shall the amount of any payment under this Plan B be reduced by any compensation earned by a Change of Control Participant as a result of employment by another employer. Nothing in this Plan B shall prevent or limit a Change of Control Participant's continuing or future participation in any plan, program, policy or practice provided by the Company and its Affiliates and for which the Change of Control Participant may qualify, nor shall anything herein limit or otherwise affect such rights as the Change of Control Participant may have under any contract or agreement with the Company and its Affiliates. Amounts which are vested benefits or which a Change of Control Participant is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Plan B. Without limiting the generality of the foregoing, a Change of Control Participant's resignation under this Plan B with or without Good Reason, shall in no way affect such Change of Control Participant's ability to terminate employment by reason of such Change of Control Participant's "retirement" under any compensation and benefits plans, programs or arrangements of the Company and its Affiliates, including without limitation any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company and its Affiliates or substitute plans adopted by the Company or its successors, and any termination which otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if a Change of Control Participant receives payments and benefits pursuant to Section 4.3(a) of this Plan B, such Change of Control Participant shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and its Affiliates (including Plan A of this Program), unless otherwise specifically provided therein in a specific reference to this Plan B.

ARTICLE V
CONFIDENTIALITY AND NON-COMPETITION

5.1 Confidentiality. As a condition of participation in this Plan B, all Change of Control Participants agree to abide by the provisions of this Section 5.1. Each Change of Control Participant will hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its Affiliates, and their respective businesses, which shall have been obtained by the Change of Control Participant during the Change of Control Participant's employment by the Company or any of its Affiliates and which shall not be or become public knowledge (other than by acts by the Change of Control Participant or representatives of the Change of Control Participant in violation of this paragraph). After termination of the Change of Control Participant's employment with the Company, the Change of Control Participant shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

5.2 Non-Competition. As a condition of participation in this Plan B, all Change of Control Participants agree (and, at the request of the Company, shall enter into a separate written agreement) to abide by the provisions of this Section 5.2 in the event of a termination of employment entitling such Change of Control Participant to Change of Control Separation Benefits. During the one-year period immediately following any termination of employment which entitles a Change of Control Participant to Change of Control Separation Benefits hereunder, such Change of Control Participant shall not enter into Competition with the Company. For purposes of this Section, "Competition" means (i) participating, directly or indirectly, as an individual proprietor, partner, stockholder, officer, employee, director, joint venturer, investor, lender, consultant or in any capacity whatsoever (within the United States of America) in a business in competition with any business conducted by the Company or any of its Affiliates, with regard to which the Change of Control Participant worked or otherwise had non-incidental responsibilities or had access to non-incidental confidential information, while employed by the Company or any of its Affiliates; provided, however, that such participation shall not include: (x) the mere ownership of not more than 1% of the total outstanding stock of a publicly held company; (y) the performance of services for any enterprise to the extent such services are not performed, directly or indirectly, for, or with regard to, a business unit of the enterprise in the aforesaid competition; or (z) any activity engaged in with the prior written approval of the Company; or (ii) directly or indirectly, recruiting, soliciting or inducing, of any employee or employees of the Company or any of its Affiliates to terminate their employment with, or otherwise cease their relationship with, the Company or any of its Affiliates or hiring or assisting another person or entity to hire any employee of the Company or any of its Affiliates. If any restriction set forth with regard to Competition is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

5.3 No Offset. The Company may require that a Change of Control Participant affirm the requirements of this Article V in connection with receipt of Change of Control Separation Benefits hereunder, provided that in no event shall an asserted violation of the provisions of this Article V constitute a basis for deferring or withholding any amounts otherwise payable to a Change of Control Participant under this Plan B.

ARTICLE VI
MISCELLANEOUS

6.1 Successors. This Plan shall bind any successor of the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan B if no succession had taken place. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and to honor this Plan B in the same manner and to the same extent that the Company would be required to honor it if no such succession had taken place. The term "Company," as used in this Plan B, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Plan B.

6.2 Amendment and Termination. The Plan may be terminated or amended in any respect by resolution adopted by the Committee, provided, that this Plan B may not, without the consent of all Change of Control Participants, be terminated or amended in any manner which would adversely affect the rights or potential rights of Change of Control Participants unless (i) such termination or amendment takes effect only upon the first anniversary of its adoption (and becomes null and void in the event of a Change of Control prior to such first anniversary) and (ii) such termination or amendment is not adopted in connection with, in anticipation of, during the six-month period prior to, or during the two-year period (or such longer period as is necessary to ensure that all potential obligations under this Plan B have been satisfied) following a Change of Control.

6.3 Legal Fees. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the applicable Change of Control Participant), at any time from the date of a Change of Control through such Change of Control Participant's remaining lifetime (or, if longer, through the 20th anniversary of the Change of Control), to the full extent permitted by law, all legal fees and expenses which a Change of Control Participant may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, such Change of Control Participant or others of the validity or enforceability of, or liability under, any provision of this Plan B or any guarantee of performance thereof (including as a result of any contest by the Change of Control Participant about the amount of any payment pursuant to this Plan B), plus in each case Interest on any delayed payment;

provided, however, that in connection with a contest initiated by a Change of Control Participant related to an Anticipatory Termination, if a Change of Control has not occurred during the pendency of such contest relating to an Anticipatory Termination (and unless and until such time as a Change of Control does occur during the 12 months following the date of such Anticipatory Termination), the Company shall not pay such legal fees and expenses as incurred, but shall reimburse the Change of Control Participant for such legal fees and expenses within 30 days following the final resolution of such contest if the Executive substantially prevails in such contest. In order to comply with Section 409A, in no event shall payments by the Company under this Section 6.3 be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred (or, in connection with a contest related to an Anticipatory Termination where such fees are reimbursable due to the resolution of such contest, following the calendar year in which such contest is finally resolved), provided that the applicable Change of Control Participant shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred (or, in connection with a contest related to an Anticipatory Termination where such fees are reimbursable due to the resolution of such contest, following the calendar year in which such contest is finally resolved). The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and a Change of Control Participant's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

6.4 Compliance With Law. Notwithstanding anything else contained herein, the Company shall not be required to make any payment or take any other action prohibited by law, including, but not limited to, any regulation, directive, or order of federal or state regulatory authorities.

6.5 Notices. If notice is to be provided to the Company pursuant to the terms of this Plan B, such notice shall be delivered to the Senior Vice President of Human Resources, or if otherwise designated, the senior human resources officer of the Company.

6.6 Employment Status. This Plan does not constitute a contract of employment or impose on any Change of Control Participant, the Company, or any Affiliate of the Company any obligation to retain any Change of Control Participant as an employee.

6.7 Tax Withholding. The Company may withhold from any amounts payable under this Plan B such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

6.8 Construction. The invalidity or unenforceability of any provision of this Plan B shall not affect the validity or enforceability of any other provision of this Plan B, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The captions of this Plan B are not part of the provisions hereof and shall have no force or effect. Neither a Change of Control Participant's nor the Company's failure to insist upon strict compliance with any provision of this Plan B or the failure to assert any right a Change of Control Participant or the Company may have hereunder, including, without limitation, the right of the Change of Control Participant to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan B.

6.9 Governing Law. This Plan B is not subject to ERISA. This Plan B shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws.

6.10 Section 409A. This Plan B is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be interpreted and administered in accordance with Section 409A of the Code. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Each payment under this Plan B shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under this Plan B. All reimbursements and in-kind benefits provided under this Plan B shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall reimbursements by the Company under this Plan B be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the applicable Participant shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the applicable Participant's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the applicable Participant's remaining lifetime (or if longer, through the 20th anniversary of the Date of Termination).

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Fiscal Year Ended				
In Millions, Except Ratios	**May 25, 2014**	May 26, 2013	May 27, 2012	May 29, 2011	May 30, 2010
Earnings before income taxes and after-tax earnings from joint ventures	**$2,655.0**	$2,534.9	$2,210.5	$2,428.2	$2,204.5
Distributed income of equity investees	**90.5**	115.7	68.0	72.7	88.0
Plus: Fixed charges (1)	**389.8**	400.1	431.8	414.2	423.1
Plus: Amortization of capitalized interest, net of interest capitalized	**(0.8)**	(0.4)	(5.5)	(3.7)	0.7
Earnings available to cover fixed charges	**$3,134.5**	$3,050.3	$2,704.8	$2,911.4	$2,716.3
Ratio of earnings to fixed charges	**8.04**	7.62	6.26	7.03	6.42
(1) Fixed charges:					
Interest expense	**$ 323.4**	$ 333.8	$ 370.7	$ 360.9	$ 374.5
Preferred distributions to noncontrolling interests	**3.4**	3.7	2.6	2.5	2.6
Rentals (1/3)	**63.0**	62.6	58.5	50.8	46.0
Total fixed charges	**$ 389.8**	$ 400.1	$ 431.8	$ 414.2	$ 423.1

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

Exhibit 21.1

Subsidiaries of the Registrant

Company Name	Jurisdiction
AB F C.V.	Netherlands
AESR, LLC	Delaware
AGRICOLA NOVA INDEMIL LTDA	Brazil
BASILDON DAIRY FOODS LTD	United Kingdom
BENEFICIADORA DE CEREAIS MANI LTDA.	Brazil
BOURNAZI PASTRIES S.A.	Greece
CEREALES PARTNERS LATIN AMERICA LLC	Delaware
COLOMBO, INC.	Delaware
ELYSEES CONSULT SAS	France
FOODSHOULDTASTEGOOD, INC.	Delaware
GARDETTO’S BAKERY, INC.	Delaware
GCOM ENTERPRISES, INC.	Delaware
GENERAL MILLS (CHINA) HOLDING CO., LTD.	China
GENERAL MILLS (GIBRALTAR) LIMITED	Gibraltar
GENERAL MILLS ARGENTINA L.S., LLC	Delaware
GENERAL MILLS ARGENTINA S.A.	Argentina
GENERAL MILLS ASIA PACIFIC LIMITED	Hong Kong
GENERAL MILLS ASIA PTE. LTD.	Singapore
GENERAL MILLS AUSTRALIA CK PTY LTD	Australia
GENERAL MILLS AUSTRALIA PTY LTD	Australia
GENERAL MILLS BELGIUM, VOF	Belgium
GENERAL MILLS BERWICK LIMITED	United Kingdom
GENERAL MILLS CANADA B.V.	Netherlands
GENERAL MILLS CANADA CORPORATION	Canada
GENERAL MILLS CANADA HOLDING ONE CORPORATION	Canada
GENERAL MILLS CANADA HOLDING FIVE LIMITED PARTNERHSIP	Canada
GENERAL MILLS CANADA HOLDING THREE CORPORATION	Canada
GENERAL MILLS CANADA HOLDING TWO CORPORATION	Canada
GENERAL MILLS CANADA HOLDING FOUR CORPORATION	Canada
GENERAL MILLS CANADA HOLDING SIX CORPORATION	Canada
GENERAL MILLS CAPITAL, INC.	Delaware
GENERAL MILLS CEREALS HOLDING (AUSTRALIA) PTY LIMITED	Australia
GENERAL MILLS CEREALS HOLDING (SOUTH AFRICA) (PTY) LTD	South Africa
GENERAL MILLS CEREALS PROPERTIES, LLC	Delaware
GENERAL MILLS CEREALS, LLC	Delaware
GENERAL MILLS CHINA HOLDINGS LIMITED	Mauritius
GENERAL MILLS CHINA LIMITED	Hong Kong
GENERAL MILLS CONTINENTAL INC. S.A.	Chile
GENERAL MILLS DE MEXICO, S. DE R.L. DE C.V.	Mexico
GENERAL MILLS DE VENEZUELA, C.A.	Venezuela
GENERAL MILLS DIRECT MARKETING, INC.	Delaware
GENERAL MILLS DL GP	Delaware
GENERAL MILLS EASTERN EUROPE s.r.o.	Czech Republic
GENERAL MILLS ESPANA B.V.	Netherlands
GENERAL MILLS FINANCE, INC.	Delaware
GENERAL MILLS FOOD PRODUCTS INDIA PRIVATE LIMITED	India
GENERAL MILLS FOODS (NANJING) CO. LTD.	China
GENERAL MILLS FOODS (SANHE) CO., LTD.	China
GENERAL MILLS FOODS ASIA LIMITED	Hong Kong
GENERAL MILLS FOUNDATION	Minnesota
GENERAL MILLS FRANCE SAS	France
GENERAL MILLS FROZEN FOODS (GUANGZHOU) LIMITED	Hong Kong
GENERAL MILLS FROZEN FOODS (SHANGHAI) LIMITED	Hong Kong
GENERAL MILLS GLOBAL FINANCE LTD.	Bermuda
GENERAL MILLS GLOBAL HOLDINGS EIGHT GP	Bermuda
GENERAL MILLS GLOBAL HOLDINGS FIVE GP	Bermuda
GENERAL MILLS GLOBAL HOLDINGS NINE GP	Bermuda
GENERAL MILLS GLOBAL HOLDINGS SEVEN LTD.	Bermuda

GENERAL MILLS GLOBAL HOLDINGS SIX LTD.	Bermuda
GENERAL MILLS GLOBAL HOLDINGS TWO GP	Bermuda
GENERAL MILLS GMBH	Germany
GENERAL MILLS HELLAS S.A.	Greece
GENERAL MILLS HOLDING (AUSTRALIA) PTY LIMITED	Australia
GENERAL MILLS HOLDING (FRANCE) SAS	France
GENERAL MILLS HOLDING (U.K.) LIMITED	United Kingdom
GENERAL MILLS HOLDING A (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING B.V.	Netherlands
GENERAL MILLS HOLDING C (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING D (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING E (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING F (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING G (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING H (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING I (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING J (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS HOLDING ONE (GERMANY) GmbH	Germany
GENERAL MILLS HONG KONG LIMITED	Hong Kong
GENERAL MILLS IBERICA, S.A. UNIPERSONAL	Spain
GENERAL MILLS INDIA PRIVATE LIMITED	India
GENERAL MILLS INTERNATIONAL (THAILAND) CO., LTD.	Thailand
GENERAL MILLS INTERNATIONAL BUSINESSES TWO, INC.	Delaware
GENERAL MILLS INTERNATIONAL BUSINESSES, INC.	Delaware
GENERAL MILLS INTERNATIONAL FINANCE, LLC	Delaware
GENERAL MILLS INTERNATIONAL FRANCE SAS	France
GENERAL MILLS INTERNATIONAL HOLDINGS, LLC	Delaware
GENERAL MILLS INTERNATIONAL LIMITED	Delaware
GENERAL MILLS INTERNATIONAL SARL	Switzerland
GENERAL MILLS IP HOLDINGS I, LLC	Delaware
GENERAL MILLS IP HOLDINGS II, LLC	Delaware
GENERAL MILLS ISRAEL LTD	Israel
GENERAL MILLS ITALIA SRL	Italy
GENERAL MILLS KOREA CO., LTD.	Korea, Republic of
GENERAL MILLS LANDES (SAS)	France
GENERAL MILLS LEBANON S.A.L.	Lebanon
GENERAL MILLS LUXEMBOURG FINANCE S.A.R.L.	Luxembourg
GENERAL MILLS LUXEMBOURG FINANCE S.A.R.L., NYON, SWITZERLAND BRANCH	Luxembourg
GENERAL MILLS LUXEMBOURG ONE S.A.R.L.	Luxembourg
GENERAL MILLS LUXEMBOURG S.A.R.L.	Luxembourg
GENERAL MILLS MAARSSEN HOLDING, INC.	Delaware
GENERAL MILLS MAGHREB SARL	Morocco
GENERAL MILLS MALAYSIA SDN. BHD.	Malaysia
GENERAL MILLS MANUFACTURING AUSTRALIA PTY LIMITED	Australia
GENERAL MILLS MARKETING, INC.	Delaware
GENERAL MILLS MAURITIUS, INC.	Mauritius
GENERAL MILLS MENAT DMCC	United Arab Emirates
GENERAL MILLS MIDDLE EAST & NORTH AFRICA FZE	United Arab Emirates
GENERAL MILLS MIDDLE EAST SAL	Lebanon
GENERAL MILLS MISSOURI, INC.	Minnesota
GENERAL MILLS NEW ZEALAND LIMITED	New Zealand
GENERAL MILLS NORWAY AS	Norway
GENERAL MILLS OPERATIONS, LLC	New York
GENERAL MILLS PENSION TRUSTEE LIMITED	United Kingdom
GENERAL MILLS PROPERTIES, INC.	Delaware
GENERAL MILLS RH, INC.	Delaware
GENERAL MILLS RIGHTS HOLDINGS, LLC	Delaware
GENERAL MILLS SALES SINGAPORE PTE. LTD.	Singapore
GENERAL MILLS SALES, INC.	Delaware
GENERAL MILLS SAN ADRIAN, S.L. UNIPERSONAL	Spain
GENERAL MILLS SCANDINAVIA AB	Sweden
GENERAL MILLS SERVICES (UK) LTD.	United Kingdom
GENERAL MILLS SERVICES, INC.	Delaware

GENERAL MILLS SOUTH AFRICA (PROPRIETARY) LIMITED	South Africa
GENERAL MILLS SPECIALTY PRODUCTS, LLC	Delaware
GENERAL MILLS SWISS FOUR GMBH	Switzerland
GENERAL MILLS SWISS THREE GMBH	Switzerland
GENERAL MILLS SWISS TWO GMBH	Switzerland
GENERAL MILLS TAIWAN LIMITED	Taiwan
GENERAL MILLS TRADING (SHANGHAI) CO. LIMITED	China
GENERAL MILLS UK LIMITED	United Kingdom
GENERAL MILLS VENTAS DE MEXICO, S. DE R.L. DE C.V.	Mexico
GIGANTE VERDE, LLC	Delaware
GIGANTE VERDE S. de R.L. de C.V.	Mexico
GLOBAL HOLDINGS ONE MANAGEMENT LLC	Delaware
GM CEREALS HOLDINGS, INC.	Delaware
GM CEREALS MANAGER, INC.	Delaware
GREEN GIANT INTERNATIONAL, LLC	Minnesota
GUANGZHOU PILLSBURY V. PEARL FOODS CO., LTD.	China
HAAGEN-DAZS ARRAS SNC	France
HAAGEN-DAZS BELGIUM (BV BA)	Belgium
HAAGEN-DAZS INTERNATIONAL SHOPPE COMPANY, INC.	Minnesota
HAAGEN-DAZS NEDERLAND N.V.	Netherlands
HD DISTRIBUTORS (THAILAND) CO., LTD.	Thailand
HD MARKETING & DISTRIBUTION SDN. BHD.	Malaysia
HDIP, INC.	Delaware
IMMACULATE BAKING COMPANY	Delaware
INO FITA GMBH	Germany
KAMPOS ESTIASI S.A.	Greece
KIFISSIA PASTRIES S.A.	Greece
LA SALTENA S.A.	Argentina
LIBERTE BRAND PRODUCTS CO./LES PRODUITS DE MARQUE LIBERTE CIE	Nova Scotia
LIBERTE MARQUES SARL	Luxembourg
LIBERTE USA, LLC	United States
MILL CITY, LLC	United States
MOUNTAIN HIGH LLC	United States
NOBLEVAL SARL	France
NORTHGATE PARTNERS LLC	North Dakota
PASTA MASTER DISTRIBUTION PTY. LTD.	Australia
PET INCORPORATED	Delaware
PILLSBURY PHILIPPINES INTERNATIONAL, INC.	Philippines
PINEDALE HOLDINGS PTE LIMITED	Singapore
PINEDALE TRADING PTE LIMITED	Singapore
POWER HOUSE FOODS PTY. LTD.	Australia
SAXBY BROS LIMITED	United Kingdom
SERETRAM (SAS)	FRANCE
SHANGHAI HAAGEN-DAZS FOOD TRADING CO., LTD.	China
SHANGHAI PILLSBURY FROZEN FOODS, LIMITED	China
SMALL PLANET FOODS, INC.	Delaware
SOCIETE FRANCASIE D'INVESTISSEMENT POUR LE BENIN (SOFIB SAS)	France
SODIMA SAS	France
SUPER FITNESS INTERNATIONAL S.A.	Panama
THE PASTA MASTER PTY. LTD.	Australia
THE PILLSBURY COMPANY, LLC	Delaware
TRANSYOKI – TRANSPORTES YOKI LTDA	Brazil
WASHBURN INVESTMENT OFFICE LLC	Delaware
Y.O. C.V.	Netherlands
YOKI ALIMENTOS LTDA.	Brazil
YOKI DISTRIBUIDORA DE ALIMENTOS LTDA.	Brazil
YOPLAIT BENELUX NV	Belgium
YOPLAIT BRANDCO HOLDING A (FRANCE) SAS	France
YOPLAIT BRANDCO HOLDING B (FRANCE) SAS	France
YOPLAIT BRANDCO HOLDING S.A.R.L.	Luxembourg
YOPLAIT CANADA CO.	Nova Scotia
YOPLAIT CANADA HOLDING CO.	Nova Scotia
YOPLAIT CZECH AS	Czech Republic

YOPLAIT DAIRY CO., LTD.	China
YOPLAIT FRANCE SAS	France
YOPLAIT INVESTMENTS LTD	United Kingdom
YOPLAIT IRELAND LIMITED	Ireland
YOPLAIT MARQUES SNC	France
YOPLAIT SAS	France
YOPLAIT SVERIGE AB	Sweden
YOPLAIT UK LTD	United Kingdom
YOPLAIT USA, INC.	Delaware

JOINT VENTURES

C.P. HELLAS EEIG	Greece
C.P.A. CEREAL PARTNERS HANDELSGESELLSCHAFT m.b.H & Co. OHG	Austria
C.P.A. CEREAL PARTNERS HANDELSGESELLSCHAFT m.b.H.	Austria
C.P.D. CEREAL PARTNERS DEUTSCHLAND GmbH & Co. oHG	Germany
C.P.D. CEREAL PARTNERS DEUTSCHLAND VERWALTUNGSGESELLSCHAFT mbH	Germany
C.P.W. HELLAS BREAKFAST CEREALS SOCIETE ANONYME	Greece
C.P.W. MEXICO S. de R.L. de C.V.	Mexico
CEREAL ASSOCIADOS PORTUGAL, A.E.I.E.	Portugal
CEREAL PARTNERS (MALAYSIA) SDN. BHD.	Malaysia
CEREAL PARTNERS AUSTRALIA PTY LIMITED	Australia
CEREAL PARTNERS CZECH REPUBLIC, s.r.o.	Czech Republic
CEREAL PARTNERS ESPANA, A.E.I.E.	Spain
CEREAL PARTNERS FRANCE, SNC	France
CEREAL PARTNERS GIDA TICARET LIMITED SIRKETI	Turkey
CEREAL PARTNERS HUNGARIA KFT.	Hungary
CEREAL PARTNERS INDIA PRIVATE LIMITED	India
CEREAL PARTNERS MEXICO, S.A. DE C.V.	Mexico
CEREAL PARTNERS NIGERIA LIMITED	Nigeria
CEREAL PARTNERS POLAND TORUN-PACIFIC Sp. z.o.o.	Poland
CEREAL PARTNERS RUS LLC	Russian Federation
CEREAL PARTNERS SLOVAK REPUBLIC, s.r.o.	Slovakia
CEREAL PARTNERS SOUTH AFRICA	South Africa
CEREAL PARTNERS U.K.	United Kingdom
CEREAL PARTNERS VENEZUELA	Venezuela
CEREALES C.P.W. BOLIVIA S.R.L.	Bolivia
CEREALES C.P.W. CHILE LIMITADA (SRL)	Chile
CEREALES CPW PERU LIMITADA	Peru
CEREALES PARTNERS L.L.C.—UTE	Argentina
CP COLOMBIA ACP	Colombia
CP MIDDLE EAST FZCO	United Arab Emirates
CP SUISSE	Switzerland
CPW BRASIL LTDA.	Brazil
CPW HONG KONG LIMITED	Hong Kong
CPW NEW ZEALAND	New Zealand
CPW OPERATIONS S.A.R.L.	Switzerland
CPW PARAGUAY S.R.L.	Paraguay
CPW PHILIPPINES, INC.	Philippines
CPW S.A.	Switzerland
CPW SINGAPORE (PTE.) LTD.	Singapore
CPW TIANJIN LIMITED	China
CPW TRINIDAD AND TOBAGO, LTD.	Trinidad and Tobago
CPW URUGUAY S.A.	Uruguay
HAAGEN-DAZS JAPAN, INC.	Japan
HAAGEN-DAZS KOREA CO., LTD.	Korea, Republic of
PT CEREAL PARTNERS INDONESIA	Indonesia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
General Mills, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-176243 and 333-179621) on Form S-3 and registration statements (Nos. 2-50327, 2-53523, 2-95574, 33-27628, 33-32059, 333-32509, 333-90012, 333-109050, 333-131195, 333-139997, 333-148820, 333-163849, and 333-179622) on Form S-8 of General Mills, Inc. of our report dated July 3, 2014, with respect to the consolidated balance sheets of General Mills, Inc. as of May 25, 2014 and May 26, 2013, and the related consolidated statements of earnings, comprehensive income, total equity and redeemable interest, and cash flows for each of the fiscal years in the three-year period ended May 25, 2014, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of May 25, 2014, which report appears in the May 25, 2014 annual report on Form 10-K of General Mills, Inc.

/s/ KPMG LLP

Minneapolis, Minnesota
July 3, 2014

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kendall J. Powell, certify that:

1. I have reviewed this annual report on Form 10-K of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 3, 2014

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

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donal L. Mulligan, certify that:

1. I have reviewed this annual report on Form 10-K of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 3, 2014

/s/ Donal L. Mulligan
Donal L. Mulligan
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended May 25, 2014, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 3, 2014

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

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended May 25, 2014, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 3, 2014

/s/ Donal L. Mulligan
Donal L. Mulligan
Executive Vice President and
Chief Financial Officer