GENERAL MILLS INC
Form DEF 14A
August 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant [X]
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Check the appropriate box:

[ ]	Preliminary Proxy Statement	[ ] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X]	Definitive Proxy Statement	
[ ]	Definitive Additional Materials	
[ ]	Soliciting Material Under Rule 14a-12	

General Mills, Inc.

(Name of Registrant as Specified in Its Charter)

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

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NOTICE OF

2006 ANNUAL MEETING

OF STOCKHOLDERS

AND PROXY STATEMENT

Meeting Date:

Monday, September 25, 2006
at 11:00 a.m. (CDT)

Meeting Place:

Children s Theatre Company
2400 Third Avenue South
Minneapolis, Minnesota

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P.O. Box 1113
Minneapolis, MN 55440

Stephen W. Sanger
Chairman of the Board and
Chief Executive Officer

August 9, 2006

Dear Stockholder:

It is my pleasure to invite you to General Mills 2006 Annual Meeting of Stockholders. We will hold the meeting in the auditorium of the Children s Theatre Company, 2400 Third Avenue South, Minneapolis, Minnesota, on Monday, September 25, 2006, at 11:00 a.m. Central Daylight Time. During the meeting, we will discuss each item of business described in this Notice of Annual Meeting of Stockholders and Proxy Statement, and give a current report on our business operations. There also will be time for questions. We expect the meeting to adjourn at about 12:15 p.m.

We hope you will be able to attend the meeting. If you need special assistance at the meeting because of a disability, please contact the Corporate Secretary at the address above. Whether or not you expect to attend, please vote your proxy so your shares will be represented at the meeting. You may vote by telephone if you reside in the United States or Canada, via the Internet (see the instructions on the proxy card) or by signing and mailing the proxy card in the enclosed envelope.

Sincerely,

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P.O. Box 1113

Minneapolis, MN 55440

Siri S. Marshall
Secretary

NOTICE OF
2006 ANNUAL MEETING OF STOCKHOLDERS
SEPTEMBER 25, 2006

August 9, 2006

Dear Stockholder:

The Annual Meeting of Stockholders of General Mills, Inc. will be held on Monday, September 25, 2006, at 11:00 a.m., Central Daylight Time, in the auditorium of the Children s Theatre Company, 2400 Third Avenue South, Minneapolis, Minnesota. The purpose of the meeting is to:

1. Elect 13 directors;
2. Ratify the appointment of KPMG LLP as General Mills independent registered public accounting firm for fiscal year 2007;
3. Adopt the 2006 Compensation Plan for Non-Employee Directors;
4. Act on one stockholder proposal, if properly presented at the meeting; and
5. Transact such other business as may properly come before the meeting.

The record date for the Annual Meeting is July 27, 2006. If you held General Mills stock at the close of business on that date, you are entitled to vote at the Annual Meeting.

At the meeting, we also will report on our fiscal 2006 business results and other matters of interest to stockholders.

Sincerely,

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GENERAL MILLS, INC.
PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON
MONDAY, SEPTEMBER 25, 2006

The Board of Directors of General Mills, Inc. (General Mills, we, our, us or the Company) is soliciting prox for use at the 2006 Annual Meeting of Stockholders to be held on September 25, 2006. This proxy statement summarizes the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares. We will first mail the proxy statement and proxy card to stockholders on or about August 9, 2006.

CORPORATE GOVERNANCE PRINCIPLES AND DIRECTOR INDEPENDENCE

General Mills has a long-standing commitment to good corporate governance practices. These practices provide an important framework within which our Board of Directors and management can pursue the strategic objectives of General Mills and ensure its long-term vitality for the benefit of stockholders. Our corporate governance principles and practices (described below) have evolved over many years. The Corporate Governance Committee reviews them annually, and changes are recommended to the Board for approval as appropriate. The unchanging, fundamental premise of these principles, however, is the independent nature of the Board and its overarching responsibility to our stockholders. Our governance principles are published on our website at *www.generalmills.com* in the Investors section and are available in print to any stockholder who requests a copy from our Corporate Secretary.

Board Independence and Composition

The Board believes that a substantial majority of its members should be independent, non-employee directors. The Board has adopted criteria for independence based on those established by the New York Stock Exchange. On that basis, the Board has affirmatively determined that all of our non-employee directors are independent.

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

All Board committees are composed entirely of independent, non-employee directors. Committee and committee chair assignments are reviewed annually by the Corporate Governance Committee, which recommends committee rosters to the full Board. Assignments are rotated to ensure that each committee has an appropriate mix of tenure and experience.

Stockholders elect directors annually.

Overall Board composition guidelines require expertise in fields relevant to the business of the Company; a breadth of experience from a variety of industries and from professional disciplines such as finance, academia, law and government; a diversity of gender, ethnicity, age and geographic location; and a range of tenures on the Board to ensure both continuity and fresh perspective. Final approval of director nominees is determined by the full Board, based on the recommendation of the Corporate Governance Committee.

Well-defined selection criteria for individual directors require independence, integrity, experience and sound judgment in areas relevant to our businesses, a proven record of accomplishment, willingness to speak one s mind and commit sufficient time to the Board, appreciation for the long-term interests of stockholders and the ability to challenge and stimulate management and to work well with fellow directors. The Corporate Governance Committee uses a variety of sources,

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including executive search firms and stockholder recommendations, to identify director candidates. The Committee retains any search firms and approves payment of their fees.

Board members are expected to devote sufficient time and attention to carrying out their director duties and responsibilities and ensure that their other responsibilities, including service on other boards, do not materially interfere with their responsibilities as directors of the Company.

The Board believes that meaningful stockholder participation is critical in the election of directors. Currently, our directors are elected by a plurality vote, which means that the director nominees who receive the highest number of votes are elected to the Board. The Board is aware that some investors and stockholders favor the election of directors by a majority of votes cast, and members of the legal and investment communities are working to develop recommended practices. The Corporate Governance Committee has been engaged in the ongoing discussion among stockholders and companies regarding this important topic and will continue to monitor the development of majority vote standards and recommended practices.

Director Retirement Policy

To ensure an appropriate balance between new perspectives and experienced directors:

- Non-employee directors must retire at age 70, or within five years of normal retirement from their principal organization, whichever occurs first.
- Non-employee directors are expected to offer their resignation whenever their principal employment or affiliation changes after joining the Board, and the Corporate Governance Committee then decides whether the director should continue to serve.
- Company officers who are directors are expected to resign from the Board when they cease to be employed by us.

Board Performance and Operations

Board meetings and background materials sent to directors in advance of meetings focus on our key strategic, leadership and performance issues.

- Each year, the Board has formal reviews and discussions of our annual and longer-term strategic business plans and management development and succession plans, including an assessment of senior executives and their potential as successor to the Chief Executive Officer. The Board has adopted procedures to elect a Chief Executive Officer successor in the event of the Chief Executive Officer s sudden departure.
- Focused discussions of individual businesses and key issues are held throughout the year, and extended off-site sessions are held periodically for in-depth reviews of key strategic matters. The Board also regularly reviews our performance compared to our competitive peer companies.
- The Board and its committees may engage independent outside financial, legal and other advisors as they deem necessary to provide advice and counsel on various topics or issues. Directors also have full access to officers and employees.
- Committee responsibilities are detailed in their charters, and reports of committee meetings are given to the full Board, which acts on their recommendations, as appropriate.

Annually, a master Board agenda is prepared covering recurring items and for planning purposes. The agenda and topics for Board and committee meetings are developed through discussions between management and Board members. Information and data that are important to the issues to be considered are distributed in advance of each meeting.

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Executive sessions without management directors present are scheduled at each Board meeting. The Chair of the Corporate Governance Committee acts as presiding director at executive sessions unless the topics to be covered make it more appropriate for another committee chair to preside. At least annually, outside directors meet formally without management directors present to evaluate the Chief Executive Officer s performance. This session is led by the Chair of the Compensation Committee and includes a review of the Chief Executive Officer s annual accomplishments, compensation and performance objectives for the next fiscal year. In advance of the meeting, the full Board conducts a formal Chief Executive Officer evaluation that includes input from all Board members. Following the executive session, the results of the evaluation are communicated to the Chief Executive Officer.

The Corporate Governance Committee has responsibility for corporate governance and Board organization and procedures. A formal Board evaluation covering Board operations and performance, with a written evaluation from each Board member, is conducted annually to enhance Board effectiveness. Recommended changes are considered by the full Board. In addition, each Board committee conducts an annual self-evaluation.

New directors participate in an orientation program that includes discussions with senior management, background materials on our strategic plan, organization and financial statements and visits to our facilities. We encourage each director to participate in continuing educational programs that are important to maintaining a director s level of expertise to perform his or her responsibilities as a Board member, and we reimburse directors for the cost of attending these programs.

The Board expects all directors, officers and employees to act with the highest standards of integrity and adhere to our policies and applicable code of conduct. Directors also are required to follow our Director Code of Conduct. The Corporate Governance Committee of the Board annually reviews and oversees compliance with the Director Code of Conduct, which is available on our website at *www.generalmills.com* in the Investors section and in print to any stockholder who requests a copy from our Corporate Secretary.

The Board regularly reviews a report of recent executive officer transactions in General Mills securities.

Alignment with Stockholder Interests

Each director is expected to represent the interests of all stockholders, and not those of any particular stockholder or any special interest group.

A substantial portion of director compensation is linked to our stock performance, and directors can elect to receive their entire Board remuneration in stock and stock-related compensation. Directors are expected to keep all of the net shares they receive as compensation until they own shares equal in market value to at least five times their annual retainer. The Compensation Committee is responsible for periodically reviewing Board compensation and recommending changes.

The Board supports and oversees employee compensation programs that are closely linked to business performance and emphasize equity ownership, including stock ownership targets, for key management employees. For more details, see Report of the Compensation Committee on Executive Compensation on pages 18 through 21.

Senior management meets regularly with major institutional investors and stockholders, and reports to the Board on analyst and stockholder views of General Mills.

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Director Independence

The Board of Directors believes that a substantial majority of its members should be independent non-employee directors. The Board annually reviews all commercial and charitable relationships that directors may have with us to determine whether our directors are, in fact, independent. To assist it in determining director independence, the Board has established the following guidelines that are consistent with the current listing standards of the New York Stock Exchange:

A director will not be considered independent if, within the preceding three years:

- the director was an employee of, or an immediate family member of the director was an executive officer of, General Mills;
- the director or an immediate family member of the director has received during any 12-month period more than $100,000 in direct compensation from us (other than director fees and pension or other deferred compensation for prior service to us);
- an executive officer of General Mills was on the compensation committee of a company which, at the same time, employed the director or an immediate family member of the director as an executive officer; or
- the director was an executive officer or employee of, or an immediate family member of the director was an executive officer of, another company that does business with us and the annual revenue derived from that business by either company accounts for at least (i) $1,000,000 or (ii) two percent, whichever is greater, of the annual gross revenues of such company.

A director will not be considered independent if:

- the director or an immediate family member of the director is a current partner of our independent registered public accounting firm;
- the director is a current employee of our independent registered public accounting firm;
- an immediate family member of the director is a current employee of our independent registered public accounting firm who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; or
- the director or an immediate family member of the director was, within the preceding three years, a partner or employee of our independent registered public accounting firm and personally worked on our audit within that time.

The following commercial or charitable relationships are immaterial and will not, by themselves, impair a director s independence:

- a director is an executive officer of another company which is indebted to us, or to which we are indebted, and the total amount of either company s indebtedness to the other is less than two percent of the total consolidated assets of the company he or she serves as an executive officer;

a director serves as an officer, director or trustee of a charitable organization and our charitable contributions to such organization are less than the greater of (i) $100,000 or (ii) two percent of the organization s total annual charitable receipts; and

a director is an executive officer of another company that does business with us and the annual revenue derived from that business by either company accounts for less than (i) $1,000,000 or (ii) two percent, whichever is greater, of the annual revenues of such company.

For relationships not covered by these guidelines, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by

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the directors who satisfy the independence guidelines set forth above. We will explain in our proxy statement the basis for any determination by the Board that a relationship is not material if the relationship does not satisfy one of the specific categories of immaterial relationships identified above.

Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from us (other than director fees and pension or other deferred compensation for prior service to us).

The Board has reviewed all transactions or relationships between each of our non-employee directors, or any member of his or her immediate family, and the Company, our senior management and our independent registered public accounting firm. Based on this review, the Board has affirmatively determined that the following non-employee directors are independent under our guidelines and as defined by New York Stock Exchange listing standards: Paul Danos, William T. Esrey, Raymond V. Gilmartin, Judith Richards Hope, Heidi G. Miller, Hilda Ochoa-Brillembourg, Steve Odland, Michael D. Rose, Robert L. Ryan, A. Michael Spence and Dorothy A. Terrell The Board has also determined that all Board committees are composed entirely of independent, non-employee directors. The Board considered and reviewed a limited number of commercial transactions undertaken in the ordinary course of our business with businesses and charities where our directors serve as officers or directors. Except as noted below, each of those transactions is significantly below the thresholds set forth in the categories of immaterial relationships described in our guidelines. Under the heading of Certain Relationships and Related Transactions, we have disclosed a relationship between certain of our benefit plan trusts and Emerging Markets Investment Corporation and Emerging Markets Management, companies with which Hilda Ochoa-Brillembourg is affiliated, and we have separately discussed the Board s determination of her independence in that disclosure.

Director Nominations

The Corporate Governance Committee is responsible for recommending candidates for election to our Board of Directors. The Committee considers the Board s overall composition when it selects candidates. As a group, the Board should reflect the diverse interests of our stockholders, and should bring expertise in fields relevant to our businesses and a breadth of experience from a variety of industries and professional disciplines, as well as diversity of gender, ethnicity, age and geographic location.

The Committee expects a high level of commitment from Board members and evaluates each candidate s leadership and industry experience, skills, expertise and character traits, including the candidate s ability to devote sufficient time to Board and committee meetings in light of other board service.

The Committee reviews whether a potential candidate meets Board and/or committee membership requirements imposed by law, regulation or stock exchange rules, determines whether a potential candidate is independent according to standards for evaluating director independence (described on page 4) and evaluates the potential for any conflict of interest between the director and General Mills.

Director candidates recommended to the Committee are subject to full Board approval and election by stockholders at an annual meeting of stockholders. From time to time, the Committee retains a recruitment firm to assist in identifying, evaluating and recruiting director candidates, based on specified criteria, and pays the firm a fee for these services. Suggestions also are received from Board members, stockholders and management.

Of the thirteen directors recommended for election at our 2006 Annual Meeting, all nominees were elected at our 2005 Annual Meeting except for Kendall J. Powell, who was elected to the Board in connection with his appointment as our President and Chief Operating Officer in June 2006.

Stockholders who wish to suggest an individual for consideration for election to our Board of Directors may submit a written nomination to the Corporate Secretary, General Mills, Inc., P.O. Box 1113, Minneapolis, Minnesota 55440, along with the stockholder s name, address and the number of General Mills shares

beneficially owned; the name of the individual being nominated and number of General Mills shares beneficially owned by the candidate; the candidate s biographical information describing experience and qualifications; a description of all agreements, arrangements or understandings between the stockholder and individual being nominated; and the candidate s consent to serve as a director, if elected. To assist in the evaluation of stockholder-recommended candidates, the Committee may request that the stockholder provide certain additional information required to be disclosed in our proxy statement under Regulation 14A of the Securities Exchange Act of 1934. To be considered by the Committee for the slate recommended in our proxy statement for the 2007 Annual Meeting, stockholders should submit the required information to the Corporate Secretary by May 1, 2007.

The Committee will consider and evaluate stockholder-recommended candidates by applying the same criteria used to evaluate director-recommended candidates. If the Committee decides the candidate is suitable for Board membership, the Committee will make a recommendation to the Board of Directors for its approval to include the candidate in the slate of directors nominated for election by stockholders in the proxy statement.

Under our By-laws, stockholders may also nominate a candidate for election at an annual meeting of stockholders. Our annual meeting is typically held on the fourth Monday in September. Stockholders who intend to present a nomination at our 2007 Annual Meeting are required to notify the Corporate Secretary in writing and provide the information described above no earlier than May 28, 2007 and no later than June 27, 2007. Director nominees submitted through this process will be eligible for election at the stockholder meeting, but will not be included in proxy materials sent to stockholders prior to the meeting.

Stockholder Communications with the Board

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

Code of Conduct and Reporting of Ethical Concerns to the Audit Committee of the Board

We have adopted a Code of Conduct applicable to all employees, including our principal executive officer, principal financial officer and principal accounting officer, and a Code of Conduct applicable to our directors. Copies of the Codes of Conduct are available on our website at *www.generalmills.com* and in print to any stockholder who requests a copy from our Corporate Secretary, General Mills, Inc., P.O. Box 1113, Minneapolis, Minnesota 55440.

The Audit Committee of the Board of Directors has established procedures for employees, stockholders, vendors and others to communicate concerns about our ethical conduct or business practices, including accounting, internal controls or financial reporting issues, to the Audit Committee, which has responsibility for these matters. Matters may be reported as follows:

- if you are an employee of General Mills, contact your manager or human resources representative; or
- call the Ethics Advice Line at 800-210-2878* on an identified or anonymous basis.

* Callers outside the United States, Canada and Puerto Rico should refer to our Employee Code of Conduct at *www.generalmills.com* for dialing instructions.

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PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

Thirteen current directors are recommended for election to the Board of Directors. Detailed information about each director nominee is provided below. Directors are elected for a one-year term and serve until the next annual meeting where their successors are elected, or, if earlier, until their retirement, resignation or removal. If unforeseen circumstances (such as death or disability) make it necessary for the Board of Directors to substitute another person for any of the nominees, the proxies will vote your shares for that other person unless you instruct us otherwise on your proxy card.

Paul Danos Director since 2004

Paul Danos, age 63, has been Dean and Laurence F. Whittemore Professor of Business Administration at Tuck School of Business at Dartmouth College since 1995. Dean Danos has held academic positions at the University of Michigan from 1974 to 1995, the University of Texas from 1971 to 1974 and the University of New Orleans from 1970 to 1971. He is a director of B.J. s Wholesale Club, Inc.

William T. Esrey Director since 1989

William T. Esrey, age 66, is Chairman Emeritus of Sprint Corporation, a telecommunications company. Mr. Esrey served as Chairman of the Board for Sprint from 1990 to May 2003 and Chief Executive Officer from 1985 to March 2003. He is a director of Duke Energy Corp.

Raymond V. Gilmartin Director since 1998

Raymond V. Gilmartin, age 65, is the former Chairman, President and Chief Executive Officer of Merck & Company, Inc., a pharmaceutical company, and served in that capacity from November 1994 to May 2005. He served as Special Advisor to the Executive Committee of the Board of Merck from May 2005 until April 2006. He previously served as Chairman, President and Chief Executive Officer of Becton Dickinson and Company. Mr. Gilmartin is a director of Microsoft Corporation.

Judith Richards Hope Director since 1989

Judith Richards Hope, age 65, has been Distinguished Visitor from Practice since July 2005 and an Adjunct Professor since January 2002 at Georgetown University Law Center. Ms. Hope was a partner at the law firm of Paul, Hastings, Janofsky & Walker from 1981 until December 2003 and a part-time Senior Advisor to the Paul, Hastings firm from January 2004 to January 2005. Ms. Hope is a director of Union Pacific Corporation, Altius Holdings, Ltd. and Russell Reynolds Associates.

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Heidi G. Miller Director since 1999

Heidi G. Miller, age 53, has served as Executive Vice President, CEO, Treasury & Security Services, of J.P. Morgan Chase & Co. since the merger of Bank One Corporation and J.P. Morgan Chase & Co. on July 1, 2004. From March 2002 to July 1, 2004, Ms. Miller served as Executive Vice President and Chief Financial Officer of Bank One Corporation. Ms. Miller served as a director of Bank One from October 2000 to March 2002 until she was elected an executive officer. From January 2001 to April 2002, Ms. Miller was Vice Chairman of Marsh, Inc., a risk and insurance services firm. From March 2000 to November 2000, she was Senior Vice President and Chief Financial Officer of priceline.com Incorporated. Prior to March 2000, Ms. Miller was Executive Vice President and Chief Financial Officer of Citigroup Inc., which was formed through the merger of Citibank and Travelers Group. She joined Travelers Group in 1992 as Vice President of Planning and Analysis and Assistant to the President and was promoted to Executive Vice President and Chief Financial Officer in 1995.

Hilda Ochoa-Brillembourg Director since 2002

Hilda Ochoa-Brillembourg, age 61, is the founder and has been since 1987 the President and Chief Executive Officer of Strategic Investment Group, an investment advisory firm, and Managing Director of Emerging Markets Investment Corporation and Emerging Markets Management, LLC. From 1976 to 1987, she served in various capacities within the Pension Investment Division of the World Bank, including from 1981 to 1987, as its Chief Investment Officer. Prior to joining the World Bank, she served as an independent consultant in the fields of economics and finance, a lecturer at the Universidad Catolica Andres Bello in Venezuela and as treasurer of the C.A. Luz Electricia de Venezuela in Caracas. Ms. Ochoa-Brillembourg is a director of the World Bank/International Monetary Fund Credit Union, McGraw-Hill Companies and the Harvard Management Company, Inc.

Steve Odland Director since 2004

Steve Odland, age 47, has been Chairman and Chief Executive Officer of Office Depot, Inc., an office merchandise retailer, since March 2005. From January 2001 to March 2005, he was Chairman and Chief Executive Officer of AutoZone, Inc., an auto parts retailer, and he served as President from May 2001 to March 2005. Mr. Odland was an executive with Ahold USA from 1998 to 2000 and was President of the Foodservice Division of Sara Lee Bakery from 1997 to 1998. He was employed by The Quaker Oats Company from 1981 to 1996 in various positions.

Kendall J. Powell Director since June 2006

Kendall J. Powell, age 52, has been President and Chief Operating Officer of General Mills since June 1, 2006. Mr. Powell joined General Mills in 1979 and held various positions before becoming a Vice President in 1990. He was appointed President of Yoplait in 1996, named President of the Big G division in 1997 and appointed a Senior Vice President in 1998. From 1999 to 2004, he was Chief Executive Officer of Cereal Partners Worldwide and was elected an Executive Vice President in 2004. Mr. Powell was named Executive Vice President and Chief Operating Officer, U.S. Retail, in May

2005.

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Michael D. Rose Director since 2004

Michael D. Rose, age 64, has been a director of Gaylord Entertainment Company, a diversified entertainment company, since April 2001, and served as Chairman of the Board from April 2001 to May 2005. Since 1998, Mr. Rose has been a private investor and Chairman of Midaro Investments, Inc., a privately held investment firm. Mr. Rose became Chairman of the Board of both the Promus Hotel Corporation and Harrah s Entertainment Inc., beginning in 1995, when the two companies split into two publicly traded companies. He retired from the Boards of Harrah s in 1996 and Promus Hotel Corporation in 1997. Mr. Rose served as Chairman from 1990 to 1995, and Chief Executive Officer from 1990 to 1994, of The Promus Companies, Incorporated. Mr. Rose is also a director of Darden Restaurants, Inc., First Horizon National Corp. and Stein Mart, Inc. Mr. Rose previously served as a General Mills director from 1985 to June 2000, retiring in accordance with the Board s then existing tenure policy.

Robert L. Ryan Director since 2005

Robert L. Ryan, age 63, served as Senior Vice President and Chief Financial Officer of Medtronic, Inc., a medical technology company, from April 1993 until his retirement in April 2005. Mr. Ryan was Vice President, Finance, and Chief Financial Officer of Union Texas Petroleum Corp. from 1984 to 1993, Controller from 1983 to 1984 and Treasurer from 1982 to 1983. Prior to 1982, Mr. Ryan was Vice President at Citibank and was a management consultant for McKinsey & Company. Mr. Ryan is a director of The Black &Decker Corporation, Hewlett-Packard Company and UnitedHealth Group.

Stephen W. Sanger Director since 1992

Stephen W. Sanger, age 60, has been Chairman and Chief Executive Officer of General Mills since 1995. Mr. Sanger joined General Mills in 1974 and served as the head of several business units, including Yoplait USA and Big G cereals. He was elected a Senior Vice President in 1989, an Executive Vice President in 1991, Vice Chairman in 1992 and President in

1993. He is a director of Target Corporation and Wells Fargo & Company.

A. Michael Spence Director since 1992

Dr. A. Michael Spence, age 62, is a partner of Oak Hill Venture Partners, a venture capital firm of Oak Hill Capital Partners. He is a professor emeritus at the Graduate School of Business at Stanford University and served as Professor of Management in the Graduate School of Business until August 2000 and as its Dean from 1990 to August 1999. Dr. Spence served on the faculty at Harvard University in both the Business School and the Faculty of Arts and Sciences as professor of economics and business administration from 1975 to 1990. From 1984 to 1990, he served as the Dean of the Faculty of Arts and Sciences at Harvard. In 2001, he received the Nobel Prize in Economic Sciences.

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Dorothy A. Terrell Director since 1994

Dorothy A. Terrell, age 61, has been President and Chief Executive Officer of the Initiative for a Competitive Inner City since April 2005 and has been a limited partner of First Light Capital, a venture capital firm, since 2003. Ms. Terrell served as Senior Vice President, Worldwide Sales, and President, Platform & Services Group, of NMS Communications, a producer of hardware and software component products for telecommunications applications, from 1998 until August 2002. She previously served in various executive management capacities at Sun Microsystems, Inc. from 1991 to 1997 and Digital Equipment Corporation from 1976 to 1991. Ms. Terrell is a director of Herman Miller, Inc.

The Board of Directors unanimously recommends a vote FOR each director nominee.

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BOARD COMMITTEES AND THEIR FUNCTIONS

Audit Committee

Members: Five independent, non-employee directors: Judith Richards Hope (Chair), Paul Danos, William T. Esrey, Robert L. Ryan, Dorothy A. Terrell. Each member also meets the independence standards for audit committee membership under the rules of the Securities and Exchange Commission (SEC).

Number of meetings in fiscal year 2006: Seven

Functions:

Oversees integrity, adequacy and effectiveness of internal controls, audits, compliance program, including the Employee Code of Conduct, and financial reporting process

Assesses and ensures the independence, qualifications and performance of our independent registered public accounting firm, selects the independent registered public accounting firm for the annual audit and approves the independent registered public accounting firm s services and fees

Meets with the independent registered public accounting firm, without management present, to consult with it

and review the scope of its audit
Reviews our annual risk assessment process and policy compliance
Reviews and approves our annual audited financial statements before issuance, subject to the Board of Directors approval
Reviews the performance of the internal audit function

Charter: A copy of the Audit Committee charter, which is attached as Appendix B to this proxy statement, may also be found on our website at *www.generalmills.com* in the Investors section and is available in print to any stockholder who requests it from our Corporate Secretary.

Self-evaluation: The Audit Committee conducted an evaluation of its performance in 2006.

Financial Experts: The Board of Directors has unanimously determined that (i) all Audit Committee members are financially literate under New York Stock Exchange listing standards and (ii) that Dean Danos, Mr. Esrey and Mr. Ryan qualify as audit committee financial experts within the meaning of SEC regulations and have accounting or related financial management expertise as required by New York Stock Exchange listing standards.

Compensation Committee

Members: Four independent, non-employee directors: Michael D. Rose (Chair), Raymond V. Gilmartin, Heidi G. Miller, A. Michael Spence.

Number of meetings in fiscal year 2006: Three

Functions:
Reviews compensation policies to ensure they provide appropriate motivation for corporate performance and increased stockholder value; determines compensation policy for executives
Conducts performance review of the Chief Executive Officer; recommends compensation of the Board members, including the management members of the Board, and approves compensation and stock grants to other senior executives

Charter: A copy of the Compensation Committee charter may be found on our website at *www.generalmills.com* in the Investors section and is available in print to any stockholder who requests it from our Corporate Secretary.

Self-evaluation: The Compensation Committee conducted an evaluation of its performance in 2006.

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Corporate Governance Committee

Members: Four independent, non-employee directors: Raymond V. Gilmartin (Chair), Steve Odland, Michael D. Rose, A. Michael Spence.

Number of meetings in fiscal year 2006: Five

Functions:

Recommends candidates for election to the Board

Develops policy on composition, participation and size of the Board as well as tenure and retirement of directors

Recommends changes in the organization and procedures of the Board, including committee appointments and corporate governance policies

Oversees the Board self-evaluation process

Charter: A copy of the Corporate Governance Committee Charter may be found on our website at *www.generalmills.com* in the Investors section and is available in print to any stockholder who requests it from our Corporate Secretary.

Self-evaluation: The Corporate Governance Committee conducted an evaluation of its performance in 2006.

Finance Committee

Members: Five independent, non-employee directors: William T. Esrey (Chair), Heidi G. Miller, Hilda Ochoa-Brillembourg, Steve Odland, Robert L. Ryan.

Number of meetings in fiscal year 2006: Three

Functions:

Reviews financial policies and performance objectives, including dividend policy

Reviews changes in our capital structure, including debt issuances, common stock sales, repurchases and stock splits

Reviews the annual business plan and related financing implications

Charter: A copy of the Finance Committee Charter may be found on our website at *www.generalmills.com* in the Investors section and is available in print to any stockholder who requests it from our Corporate Secretary.

Self-evaluation: The Finance Committee conducted an evaluation of its performance in 2006.

Public Responsibility Committee

Members: Four independent, non-employee directors: Dorothy A. Terrell (Chair), Paul Danos, Judith Richards Hope, Hilda Ochoa-Brillembourg.

Number of meetings in fiscal year 2006: Two

Functions: Reviews public policy and social trends affecting General Mills

Monitors our corporate citizenship activities

Evaluates our policies to ensure they meet ethical obligations to employees, consumers and society

Charter: A copy of the Public Responsibility Committee Charter may be found on our website at *www.generalmills.com* in the Investors section and is available in print to any stockholder who requests it from our Corporate Secretary.

Self-evaluation: The Public Responsibility Committee conducted an evaluation of its performance in 2006.

The Board has discretion to appoint an Executive Committee to take actions on behalf of the full Board, except where prohibited by Delaware law, and to meet between regular Board meetings when necessary for the Company s efficient operation. The Board did not appoint an Executive Committee for fiscal 2007.

Directors are expected to attend all Board and committee meetings, as well as the annual stockholders meeting, absent exigent circumstances. Eleven of our 12 directors in office at the time attended the 2005 Annual Meeting of Stockholders. During fiscal 2006, the Board of Directors met six times and various committees of the Board met a total of 20 times. Director attendance at all Board and committee meetings averaged 94 percent. All directors attended at least 75 percent of the aggregate total meetings of the Board and Board committees on which the directors served during fiscal 2006, except for Mr. Rose, who attended 73 percent of the meetings.

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OWNERSHIP OF GENERAL MILLS COMMON STOCK BY
DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

The following table shows the amount of General Mills common stock beneficially owned by (a) each director and director nominee, (b) each executive officer named in the Summary Compensation Table (see page 22), (c) all directors, director nominees and executive officers as a group and (d) each person or group owning more than five percent of our outstanding shares on the dates indicated. Unless otherwise noted, all amounts are as of July 30, 2006 and the stockholders listed in the table either have, or with respect to restricted stock and options, will acquire upon vesting, distribution or exercise, sole voting and investment power with respect to the shares owned by them.

	Amount and Nature of Beneficial Ownership		
Name	**Shares (a)**	**Exercisable Options (b)**	**Percent of Class**
P. Danos	2,054	20,000	*
R. G. Darcy	72,000	467,439	*
W. T. Esrey	26,121	85,000	*
R. V. Gilmartin	16,722	80,000	*
J. R. Hope	24,209	80,000	*
J. A. Lawrence	73,515	812,563	*
H. G. Miller	7,821	70,000	*
H. Ochoa-Brillembourg	4,228	40,000	*
S. Odland	2,060	20,000	*
K. J. Powell	37,360	502,988	*
M. D. Rose	9,072	55,000	*
J.J. Rotsch	111,835	562,688	*
R. L. Ryan	1,275	10,000	*
S. W. Sanger	911,766(c)	3,456,503	1.2%
A. M. Spence	19,143	10,000	*
D. A. Terrell	16,920	85,000	*
All directors, nominees and executive officers as a group	1,808,795	9,462,932	3.1%
Capital Research and Management Company	31,944,700(d)		9.1%
Wellington Management Company, LLP	18,629,400(e)		5.3%

* Indicates ownership of less than one percent of the total outstanding shares.

(a) Amounts in this column include shares of our common stock, restricted stock, shares allocated to participant accounts under our 401(k) Savings Plan, restricted stock units that vest within 60 days of July 30, 2006, and stock units that have vested and been deferred pursuant to the recipient s deferral election. Restricted stock units are settled in our common stock after the recipient s interest in the units has vested. Amounts in this column include the following restricted stock units (equivalent to one share of our common stock) that vest within 60 days of July 30, 2006: 1,020 units for each of P. Danos; W.T. Esrey; R.V. Gilmartin; J.R. Hope; H.G. Miller; H. Ochoa-Brillembourg; S. Odland; M.D. Rose; A. M. Spence and D. A. Terrell; 1,000 units for R.L. Ryan; and 11,200 units for all directors, nominees and executive officers as a group. Amounts in this column also include the following vested deferred stock units (equivalent to one share of our common stock): 1,034 units for P. Danos; 52,459 units for R. G. Darcy; 11,310 units for W. T. Esrey; 6,701 units for R. V. Gilmartin; 14,057 units for J. R. Hope; 3,602 units for J. A. Lawrence; 4,005 units for H. G. Miller; 3,208 units for H. Ochoa-Brillembourg; 1,040 units for S. Odland; 4,600 units for K. J. Powell; 4,752 units for M. D. Rose; 49,756 units for J.J. Rotsch; 539,050 units for S. W. Sanger; 11,675 units for A. M. Spence; 7,619 units for D. A. Terrell; and 975,529 units for all directors, nominees and executive officers as a group.

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(b) Amounts in this column include options that were exercisable on July 30, 2006 and options that become exercisable within 60 days of July 30, 2006.

(c) Includes 100 shares owned by Mr. Sanger s spouse, as to which he disclaims any beneficial interest. Also includes 8,710 shares held in trusts for the benefit of Mr. Sanger s minor children. Mr. Sanger and his spouse are the trustees of the trusts.

(d) Based on information contained in a Schedule 13G/A that Capital Research and Management Company, 333 South Hope Street, Los Angeles, California 90071, filed with the SEC on February 10, 2006. The filing indicated that as of December 30, 2005, Capital Research and Management Company had sole investment power for 31,944,700 shares and sole voting power for 4,430,500 of these shares.

(e) Based on information contained in a Schedule 13G that Wellington Management Company, LLP, 75 State Street, Boston, Massachusetts 02109, filed with the SEC on February 14, 2006. The filing indicated that as of December 30, 2005, Wellington had shared dispositive power for 18,629,400 shares and shared voting power for 10,650,317 of these shares.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Hilda Ochoa-Brillembourg, a General Mills director, is Managing Director and minority owner of Emerging Markets Investment Corporation (EMI) and Emerging Markets Management, LLC (EMM). Approximately $114 million of General Mills pension plan and savings plan assets are invested in EMI, and EMM received management fees of approximately $1.1 million attributable to these investments during fiscal 2006. In determining that these relationships do not impair her independence, the Board considered the following factors: (i) Ms. Ochoa-Brillembourg is not an employee or officer of EMI or EMM and is not otherwise involved in the day-to-day operations of either, (ii) our relationship with EMI and EMM pre-dates Ms. Ochoa-Brillembourg s election to our Board of Directors, (iii) she was not involved in establishing the relationship, (iv) she has never had any direct involvement in providing services to our benefit plans and she derives no special benefit from the relationship beyond her ownership interest in EMI and EMM, (v) the compensation paid to EMM was determined through arms-length negotiations and is customary in amount and (vi) her level of ownership in each of EMI and EMM would not impact her willingness or ability to act independently from our management.

DIRECTOR COMPENSATION AND BENEFITS

We structure director compensation to attract and retain qualified non-employee directors and to further align the interests of directors with the interests of stockholders by linking a portion of their compensation to stock performance. If they choose, non-employee directors can receive the entire amount of their Board remuneration in stock and stock-related compensation. Directors are expected to keep all of the net shares they receive as Board compensation until they own shares equal in market value to at least five times their annual retainer.

Annual Retainer. Effective beginning in the second half of fiscal 2006, we increased the annual retainer for non-employee directors from $50,000 to $75,000. As a result, non-employee directors each received an annual retainer of $62,500 in fiscal 2006. Audit Committee members receive an additional annual retainer of $5,000. Effective beginning in the second half of fiscal 2006, the annual retainer for the Audit Committee Chair was increased from $10,000 to $15,000, and other Committee Chairs began receiving a $10,000 annual retainer. We do not pay any additional fees for attending or chairing a meeting.

Directors can elect to have annual retainer amounts paid quarterly in cash or our common stock of equal value, or they can defer payment until a later date. If payment is deferred, the deferred amount earns interest based on the directors selection from a group of funds offered to employees participating in our Deferred Compensation Plan. One of these funds tracks the return on our common stock.

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In fiscal 2006, W.T. Esrey, J.R. Hope, R.L. Ryan and D.A. Terrell received their retainers in cash payments; H. Ochoa-Brillembourg, S. Odland, M.D. Rose and A.M. Spence deferred some cash payments; and R.V. Gilmartin received 50 percent in cash and 50 percent in common stock.

Restricted Stock Units. Each time they are elected to the Board, non-employee directors receive 1,000 stock units. Stock units vest at the next annual stockholders meeting, and receipt of shares of common stock upon vesting can be deferred until a later date. Stock units earn amounts equal to the dividend payments on our common stock. These amounts can be reinvested in additional stock units or paid to the director.

Stock Options. Non-employee directors also receive options to purchase 10,000 shares of our common stock each time they are elected to the Board. The per-share price the director pays at exercise is the market price of the common stock on the date of the grant. The options become exercisable at the next annual stockholders meeting and expire 10 years after grant.

Other Benefits. We also have a planned gift program for directors that is funded by General Mills-paid life insurance policies on each participating director. Upon the death of a director, we donate $1 million to a qualifying charity recommended by the director, and we receive the entire charitable deduction. We are then reimbursed by life insurance proceeds. The cost of the program is not material to us, and individual directors derive no financial benefit from the program.

We do not have a retirement plan for our non-employee directors.

TOTAL RETURN TO STOCKHOLDERS

This line graph and table compare the cumulative total stockholder return for holders of our common stock with the cumulative total return of the Standard & Poor s 500 Stock Index and the Standard & Poor s 500 Packaged Foods Index for the last five-year fiscal period. The graph and table assume the investment of $100 in each of General Mills common stock and the specified indexes at the beginning of the applicable period, and assume the reinvestment of all dividends.

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REPORT OF THE AUDIT COMMITTEE

The Committee. The Audit Committee of the Board of Directors consists of five non-employee directors named below. Each member of the Audit Committee is an independent director under our guidelines and as defined by New York Stock Exchange listing standards and SEC regulations for audit committee membership. In addition, the Board of Directors has unanimously determined that Dean Danos, Mr. Esrey and Mr. Ryan, members of the Audit Committee, qualify as audit committee financial experts within the meaning of SEC regulations and have accounting or related financial management expertise within the meaning of New York Stock Exchange listing standards. The Board of Directors has also unanimously determined that all Audit Committee members are financially literate within the meaning of New York Stock Exchange listing standards. The Committee, which operates according to its charter, is primarily responsible for oversight of our financial statements and internal controls, assessing and ensuring the independence, qualifications and performance of the independent registered public accounting firm, approving the independent registered public accounting firm s services and fees, reviewing our risk assessment process and ethical, legal and regulatory compliance programs, and reviewing and approving our annual audited financial statements before issuance, subject to the Board of Directors approval. No members of the Audit Committee received any compensation from General Mills during the last fiscal year other than directors fees. The Committee s charter is attached as Appendix B to this proxy statement, may be found on our website located at *www.generalmills.com* in the Investors section.

Committee Report. The following is the report of the Audit Committee with respect to our audited financial statements for the fiscal year ended May 28, 2006.

The Committee has reviewed and discussed the Company s audited financial statements for the fiscal year ended May 28, 2006 with management, the internal auditor and KPMG LLP, the Company s independent registered public accounting firm, with and without management present. In connection with that review, the Committee considered and discussed the quality of the Company s financial reporting and disclosures, management s assessment of the Company s internal control over financial reporting and KPMG LLP s evaluation of the Company s internal control over financial reporting. The Committee discussed and reviewed with KPMG LLP critical accounting policies and practices, internal controls, other material written communications to management and the scope of KPMG LLP s audits. The Committee also has discussed with KPMG LLP matters relating to its judgments about the quality, as well as the acceptability, of the Company s accounting principles as applied in its financial reporting as required by Statement of Auditing Standards No. 61 (Communications with Audit Committees).

In addition, the Committee has discussed with KPMG LLP its independence from management and the Company, as well as the matters in the written disclosures received from KPMG LLP and required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Committee received a letter from KPMG LLP confirming its independence and discussed with KPMG LLP the matters covered by that letter.

The Committee has reviewed all fees paid to KPMG LLP during the fiscal year and has considered the compatibility of KPMG LLP s performance of non-audit services, including the tax planning services described below, with the maintenance of KPMG LLP s independence as the Company s independent registered public accounting firm.

In June 2001, the Company entered into an engagement letter for tax planning services with KPMG Consulting, Inc. that included a contingent fee provision. At the time of the engagement, KPMG Consulting was not affiliated with KPMG LLP. In December 2001, KPMG LLP acquired a portion of KPMG Consulting s business, which included the Company s engagement and contingent fee agreement. In June 2006, KPMG LLP notified the Committee that the existence of this contingent fee arrangement was a violation of the standards for auditor independence under applicable regulations. KPMG LLP refunded the contingent portion of the fee

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and advised the Committee that KPMG LLP s objectivity and audit independence were not impaired by the existence of the contingent fee arrangement. The Committee discussed the matter with management and KPMG LLP and agreed that KPMG LLP s independence was not impaired.

Based on the Committee s review and discussions referred to above, the Committee recommended to the Company s Board of Directors that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended May 28, 2006 for filing with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE:

Judith Richards Hope, Chair
Paul Danos
William T. Esrey
Robert L. Ryan
Dorothy A. Terrell

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

The following table shows aggregate fees billed to us for fiscal years ended May 28, 2006 and May 29, 2005 by KPMG LLP, our independent registered public accounting firm.

	Fiscal Year (in thousands)	
	2006	**2005**
Audit Fees	$ 4,642	$ 5,205
Audit-Related Fees (a)	476	469
Tax Fees (b)	790	1,875
All Other Fees	0	41
Total Fees (c)	$ 5,908	$ 7,590

(a) Audit services for benefit plans and the General Mills Foundation

(b) Expatriate tax services, tax return preparation, planning and compliance filings

(c) All fees have been approved by the Audit Committee

The Audit Committee has determined that performance of services other than audit services is compatible with maintaining the independence of KPMG LLP.

Auditor Services Pre-approval Policy. The Audit Committee has a formal policy concerning approval of all services to be provided by KPMG LLP, including audit, audit-related, tax and other services. The policy requires that all services KPMG LLP may provide to us be pre-approved by the Committee. The Chair of the Committee has the authority to pre-approve permitted services that require action between regular Committee meetings, provided the Chair reports to the full Committee at the next regular meeting. Certain permitted non-audit services, excluding certain designated audit-related and tax services, are limited to $1,000,000 in the aggregate during any fiscal year. The Committee approved all services provided by KPMG LLP during fiscal 2005 and 2006.

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PROPOSAL NUMBER 2

RATIFY APPOINTMENT OF THE INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

The Board of Directors is submitting the selection of KPMG LLP to serve as our independent registered public accounting firm for fiscal 2007 for ratification in order to ascertain the views of our stockholders on this selection. Proxies solicited by the Board of Directors will, unless otherwise directed, be voted to ratify the appointment by the Audit Committee of KPMG LLP as our independent registered public accounting firm for the fiscal year ending May 27, 2007. If stockholders do not ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection, but it retains sole responsibility for appointing and terminating our independent registered public accounting firm.

Representatives from KPMG LLP will attend the Annual Meeting and will have the opportunity to make a statement and answer questions.

The Board of Directors unanimously recommends a vote FOR the ratification of KPMG LLP as our independent registered public accounting firm for fiscal year 2007.

REPORT OF THE COMPENSATION COMMITTEE ON
EXECUTIVE COMPENSATION

The Committee s Responsibilities

The Compensation Committee of the Board is responsible for oversight of the Company s executive compensation and benefit policies to ensure that they provide the appropriate motivation to achieve superior corporate performance and stockholder value. The Committee performs an annual evaluation of the Chief Executive Officer s performance compared to pre-established performance goals and objectives, and approves compensation actions impacting senior officers.

The Committee is composed entirely of non-employee directors, each of whom is independent under our guidelines and as defined by the New York Stock Exchange listing standards. Reports of the Committee s actions and recommendations are presented to the full Board after each meeting. The purpose of this report is to summarize the philosophical principles, specific program elements and other factors considered by the Committee in making decisions about executive compensation. The Committee has engaged an independent executive compensation consultant to advise it on compensation matters.

Compensation Philosophy

The Committee s guiding philosophy is to establish a compensation system that will enable the attraction, development, and retention of top quality executive leadership who will achieve competitively superior corporate performance and stockholder value creation. The Committee bases its compensation decisions on the following core principles:

Pay is Performance-Based: Executive compensation at General Mills is tightly linked to Company performance. Base salaries are targeted to the median of salaries paid at comparable companies in the food and consumer products business sector. Salaries are coupled with annual and long term incentive programs that enable total compensation to rise above that of the food and consumer products peer group median in years when Company performance is superior to that of this same group of companies.

Stock Ownership is Emphasized: The Committee believes that broad and deep employee stock ownership aligns the interests of employees with those of stockholders. Programs have been created

to encourage employees to build and maintain an ownership interest in the Company. Specific stock ownership objectives have been established for employees in key management positions throughout the Company.

Compensation Opportunities Must Be Competitive: Competition for key management talent in the food and consumer products industry is particularly aggressive. The Committee carefully monitors the compensation practices of peer food and consumer products companies, as well as those of a broader group of leading industrial companies, to assure an appropriate level of competitiveness.

Program Elements

General Mills executive compensation program is composed of base salary, annual incentive and long-term incentive compensation.

Base Salary. The Committee sets base salaries after considering an individual s responsibilities and performance, as well as the compensation for similar positions at peer group companies. Base salaries for officers are targeted to the 50th percentile versus peer companies.

All salaried employees, including executives, are eligible for an annual merit increase to base salary, effective July 1, based primarily on performance of job responsibilities and accomplishment of predetermined performance objectives.

Annual Incentive. General Mills provides executives with an annual opportunity to earn cash incentive awards through the Executive Incentive Plan (the EIP). Annual incentive compensation is paid partially in cash (75 percent) with the remaining 25 percent paid in restricted stock units that also require a stock ownership commitment. For each of the five most highly compensated executives, including the Chief Executive Officer, the total annual incentive amount is limited to the maximum amount established under the EIP; the actual incentive paid is adjusted downward from this maximum defined in the EIP by the Compensation Committee in accordance with a schedule determined by the Committee at the start of the fiscal year. The Company targets the combination of base salary and annual incentive to be above that of the median of its food and consumer products peer group when Company performance is superior to that of the same group of peer companies, and to be under this market median when performance is below that of the peer group companies. Executives are permitted to defer receipt of cash incentive awards earned under the EIP until a future date.

For all executives, cash incentive awards were determined by multiplying their salary by a base incentive rate (a percent of salary based on their level of responsibility), their Individual Performance Rating and a Corporate Performance Rating determined by the Compensation Committee. For executives in operating units, the Corporate Performance Rating was weighted with their Business Unit Performance Rating; most Business Unit Performance Ratings were based 75 percent on operating profit growth and 25 percent on net sales growth, with consideration given to market share performance during the fiscal year. The scale for Corporate Performance Ratings and Business Unit Performance Ratings can range from 0 to 1.80, with superior performance resulting in ratings between 1.50 and 1.80. Individual Performance Ratings were based on the achievement of specific annual objectives such as financial and operating results, completion of strategic initiatives, the quality of business plans, and organizational development progress in important areas like diversity and employee development. Individual Performance Ratings can range from 0 to 1.50. Cash incentive awards to the five named executive officers for fiscal 2006 are included in the Summary Compensation Table on page 22 under the Bonus column.

The portion of the annual incentive award that is paid in restricted stock units is adjusted upward or downward by 25 percent based on the Corporate Performance Rating, with Corporate Performance Ratings of 1.65 and above triggering a positive adjustment and ratings of 1.15 and below triggering a negative adjustment. In fiscal 2006, the schedule that established the year-end Corporate Performance Rating was based on four key measures, all of which were weighted equally: earnings-per-share growth, operating profit growth, net sales

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growth and return-on-capital improvement. In determining the Corporate Performance Rating, the Committee also considered the organizational progress achieved during the fiscal year, particularly in the areas of management development, succession capability for key leadership positions, diversity and overall organizational effectiveness. Based on Company results compared with these measures, the Committee assigned a Corporate Performance Rating of 1.65. This 1.65 Corporate Performance Rating reflected both significantly improved Company performance versus the prior two fiscal years (fiscal 2005 and fiscal 2004 ratings were 1.26 and 1.25 respectively) and Company performance that significantly exceeded the median performance of the food and consumer products peer companies on three of four of the key measures (only net sales growth was below). This rating for fiscal 2006 resulted in a 25 percent upward adjustment in the portion of the annual incentive paid in restricted stock units.

To receive the restricted stock unit award, the executive must place on deposit with the Company personally owned shares of General Mills stock equal to the number of shares awarded. The restricted stock units vest after four years provided the owned shares remain on deposit with the Company for the entire four-year period. Restricted stock units granted under the EIP to the five named executive officers are included in the Summary Compensation Table on page 22 under the Restricted Stock Award(s) column.

Long-term Incentive. General Mills provides executives with a long-term incentive compensation opportunity, in stock options and restricted stock units, through the stockholder approved 2005 Stock Compensation Plan. The size of the stock awards granted to the Company s executives, including the Chief Executive Officer, are periodically benchmarked against the long-term incentive awards made by other large food and consumer products companies to executives holding comparable positions. The standard grant for each position may be adjusted upward or downward each year by 25 percent based on the Corporate Performance Rating assigned for that fiscal year. Grants are targeted to be above the peer group median when Company performance warrants the 25 percent upward adjustment (Corporate Performance Ratings of 1.65 or greater) and below this market median when annual performance warrants the 25 percent downward adjustment (Corporate Performance Ratings of 1.15 and lower).

In June 2006, stock awards with four-year cliff vesting were made to approximately 2,500 executives and managers based on their level of responsibility, ability to impact results and individual performance. These awards were increased by 25 percent based on Company financial results and organizational progress, which in aggregate exceeded expectations, and resulted in a Corporate Performance Rating for the fiscal year of 1.65. The Summary Compensation Table on page 22 includes the stock options granted in June 2006 to the five named executive officers.

Stock Ownership Objectives

For several decades, the Company has made an effort to enable and encourage increased General Mills stock ownership by executives and employees at all levels throughout the Company. For example, special ownership building programs in place in the 1980 s and 1990 s granted supplemental stock options to executives and managers who made open market purchases of Company stock and/or who agreed to forfeit their annual merit increase. In 1990, the Company initiated a performance-based stock match to its 401(k) plan. In addition, the Company has periodically made stock option awards to all employees not receiving regular stock grants, with such grants made to eligible employees in fiscal 1994, 1996, 2000, and 2002.

Since 1991, the Company has had stock ownership guidelines for executives and outside Board members. The current stock ownership targets for those in key leadership roles require a minimum of ten times base salary for the Chief Executive Officer, five times base salary for senior officers and three times base salary for all other company officers. Members of the Board of Directors are expected to own stock equal in market value to at least five times their annual retainer.

Employee stock ownership has grown sharply though the years as a result of these initiatives. Executives and employees today collectively own more than 6 percen