

OUR COMMUNITY



OUR COMPANY



OUR WORLD



CORPORATE SOCIAL RESPONSIBILITY

2005



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GENERAL MILLS

This document represents the second General Mills Corporate Social Responsibility Report. We have provided updates and results of our social and environmental programs. Additionally, we have addressed the changing demands of our stakeholders and a rapidly changing business environment.

We will continue our work to improve our environmental, employee and community efforts, and to improve the reporting and verification of our results. As always, we welcome your consideration of this important aspect of our role as a corporate citizen.

Sincerely,

A handwritten signature in cursive script that reads "Steve Sanger".

Steve Sanger
Chairman of the Board and
Chief Executive Officer



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OVERVIEW

As a global marketer and manufacturer of leading branded consumer food products, General Mills has always taken seriously its role as a steward for our communities, our company and our world.

General Mills products are sold in over 100 countries on six continents. Every General Mills product must meet the high expectations of our customers – the retailers who sell our products. At the same time, we must earn and maintain the trust of our consumers – the people who buy our category-leading brands.

Our products offer taste, nutrition, variety, convenience and value; but product safety and integrity are every bit as important to us. We hold ourselves to the highest standards of product quality.

We take seriously our role as a marketer and advertiser. We are honest and ethical. We will never knowingly misrepresent our products, our brands or our businesses. We understand that a brand's relationship with consumers – and a company's relationship with customers and shareholders – is fundamentally founded on integrity and trust.

We employ diverse, talented people who live our values and share our commitment to consumers and customers. Our employees are our most important asset. We provide them development opportunities,



OVERVIEW

and design our compensation and benefit programs to retain and reward them, in keeping with our shareholders' long-term interests. We support our employees in leading well-rounded, satisfying lives, whether that means flexible work schedules or granting leaves of absence for personal needs. Employee health and safety are key concerns of the company.

We also work to build and strengthen the communities in which we live and work. Over 70 percent of General Mills U.S. employees are active as volunteers in their communities. And, in fiscal 2004, General Mills and the General Mills Foundation contributed over \$86 million in cash and in-kind donations to fight hunger, strengthen youth nutrition and fitness, support our schools, and advance the arts to build and strengthen the culture of our communities.

Our plant managers maintain contact with local leaders to ensure that the corporation's role is understood and to help address issues in the local community. Wherever we have corporate offices, manufacturing facilities or sales offices, we view the well-being of the community as linked and crucial to the well-being of the company.

We strive to reduce our impact on the environment. General Mills is one of the largest users of post-consumer recycled paper in the world. We are continually looking for ways to reduce packaging,



OVERVIEW

enhance resource conservation and reduce our energy usage. We are committed to finding the best approaches to continually improve our environmental performance.

These values have served us well for over 135 years, and they will continue to serve us well into the future.

We are publishing this report to outline our corporate responsibility initiatives and practices. If you have specific questions not addressed in this report, please [contact us](#).



CONSUMERS

We are a consumer products company. To continue to be successful, we must anticipate, identify and satisfy changing consumer needs.



We offer consumers products that enhance nutrition, shorten preparation times, provide specific health benefits, enable on-the-go eating and – of course – always taste great!

Our focus on health and nutrition has played an important role in our success since the early days of our company. We are constantly in touch with consumers to understand how their needs are changing and how we can help make their lives healthier and more enjoyable.



CONSUMERS



General Mills is committed to creating high-quality products that consumers trust.

COMMITMENT TO QUALITY

General Mills is committed to developing and delivering brands that consumers trust and value.

Every day, millions of consumers around the world demonstrate their trust in our brands and our company by choosing General Mills products for themselves and their loved ones. We know that every day we must live up to their expectations in order to remain worthy of their trust.

Consumer confidence in our brands and our services is based on General Mills' reputation for quality and value achieved over many years. That's an asset we hold dear, and a responsibility we take very seriously.

Direct contact with our consumers is a vital part of our product development efforts. We use state-of-the-art market research tools and techniques to gauge consumer perceptions and opinions about our products and the categories in which we compete. We constantly review our understanding of consumer needs and expectations so that our product formulation and manufacturing standards will be competitively superior.

This commitment to quality starts with our design standards, through which we ensure the safety of our products. We know our customers expect and demand safe and competitively superior products from General Mills.

Our comprehensive quality management systems are designed to ensure quality in every step of our product development process. Our quality management program stresses prevention to help ensure that quality problems do not occur anywhere throughout the entire life cycle of our products. We

CONSUMERS



Consumer feedback is encouraged and appreciated at General Mills. U.S. consumers can call us toll-free at 1-800-328-1144, and all consumers can provide feedback through our Web site.

have both mandatory operations standards and supporting programs such as training and education for our employees and business partners.

We strive to be competitively superior in the view of our consumers in both quality and value. We use key indicators, such as daily, monthly and quarterly quality scorecards and reports, to provide timely and relevant information on our performance, and have put in place mechanisms to provide alerts when enhancements are needed.

All General Mills packages display a toll-free number or other contact information that consumers can use to submit questions, compliments or complaints. Our Consumer Services group fields 1.2 million contacts per year via mail, toll-free lines, e-mail and the Internet.

We monitor consumer comments, complaints and suggestions to stay abreast of consumer trends and sentiments. Benchmarking studies, industry roundtables and supplier meetings provide additional avenues to learn new ideas and approaches, and to further enhance the quality of our products.

Our corporate verification program to assess the quality of our internal control system's performance, either through audits or inspections, is an essential element of our quality management. We routinely verify that our policies and standards are being met using both internal staff and independent, third party experts. Our senior management team uses information from these assessments to improve our operations.

Our commitment to quality stretches beyond our plants, to include our raw material suppliers, contract manufacturers and warehouse locations. We

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apply the same quality management standards to our suppliers as we do to our own plants. We require that suppliers comply with all legal requirements and maintain systems that ensure production and storage of high-quality and safe food materials. We require suppliers to adhere to agreements promising compliance with our policies. Our corporate verification programs and assessment activities extend to these operations as well.

In addition to our internal focus on product quality, General Mills continually demonstrates industry leadership in critical areas of food safety. We initiated the adoption of allergen labeling designed to increase awareness and reduce risk for allergic consumers, and we have shared these ideas with the entire food industry to create practices that are now industry standards.

General Mills was named the first award recipient from the Food Allergen and Anaphylaxis Network, a consumer advocacy group, for our leadership. Similarly, Anaphylaxis Canada honored General Mills for the development of its comprehensive allergen management policy.

This same leadership extends to the area of microbiological food safety. We routinely work with leading scientific experts, benchmark with other food manufacturers and meet with the regulatory community to assure our control programs are robust and deliver against our high food safety standards.

Our quality and manufacturing employees are the critical links in our quality chain, and we have designed support and reward systems that enable



General Mills initiated the adoption of food allergen labeling, a practice that is now an industry standard.

CONSUMERS

and encourage them to make the best decisions regarding our products. Continuous improvement is a highly valued quality strategy. We recognize the importance of seeking out both small incremental changes as well as “big” ideas, approaches and practices that are more innovative and transformational. We strive to stay at the forefront of new technology advances, especially when related to food safety and security.

Finally, we believe in employee compensation systems that reward desired results. We are particularly proud to note that a significant portion of incentive payments to technology and manufacturing employees are based on product quality, product safety and brand protection criteria specifically designed to assure that we are all working to produce brands that consumers trust and value.

Biotechnology

We believe that agricultural biotechnology may hold great promise for its potential to positively benefit health and nutrition. We also recognize that the development of this technology will be dependent upon its ability to achieve broad consumer acceptance.

Delivering tangible consumer and environmental benefits will be critical to achieving that acceptance.

We support a rigorous, science-based regulatory framework in which appropriate food safety entities review and endorse the safety of the technology as new applications are developed. Commercialization of new products, such as genetically engineered grains, animal biotechnology and cloning, should take place only after international regulatory and market reviews assure that they will be safe and widely accepted by consumers.

We note that all current applications of biotechnology are regarded as safe by such bodies as the

CONSUMERS

U.N. World Health Organization and the Food and Agriculture Organization, as well as the U.S. Food and Drug Administration and Health Canada. We also understand that some consumers prefer foods produced through specific agricultural approaches, and we will continue to offer consumers choices of products, where feasible, through our use of identity preservation and organic production methods.

Some countries require labeling of products that contain ingredients derived via biotechnology. General Mills sources non-biotech ingredients for products sold in those countries.

General Mills follows content and labeling guidelines wherever we do business. In markets where only conventionally grown ingredients may be sold, we comply through identity preservation systems backed by frequent monitoring and testing.

We continue to believe true market acceptance of biotechnology will depend on a broad base of scientific knowledge, global regulatory approvals, appropriate oversight and, ultimately, consumer acceptance.

FOOD SECURITY

General Mills is equally committed to the security of the products we produce and distribute. This strong focus on both the safety and security of food products has long addressed not only issues such as spoilage and contamination, but also intentional tampering. We work hard to determine ways to prevent problems before they occur – including deliberate attempts to compromise product safety. We have had internal requirements for tamper-evident packaging design for many years to help consumers identify potential issues.

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We view food security as an umbrella under which facility security, personnel practices and food safety control programs reside. General Mills has a senior-level, cross-functional Food Security Council to provide decision making, guidance and direction to the company. We have implemented a policy supporting security standards and individual manufacturing plans for our North American operations, with actions under way to expand to our locations around the world. Food security has been added as a component of our verification programs.

As a leader in the food industry, we meet regularly with regulatory agencies to discuss issues related to food safety and food security. In the United States, this includes the Department of Homeland Security, the Food and Drug Administration and the Department of Agriculture. These interactions, along with those of other companies, provide an opportunity to learn best practices and provide input to key regulatory developments.

General Mills was one of the first food companies to apply for and receive certification as a partner in a joint government-industry initiative called Customs-Trade Partnership Against Terrorism. This significant ongoing effort provides further evidence of our commitment to our consumers, customers and shareholders.

HEALTH AND WELLNESS

Health and wellness are important. As a leading global consumer foods company, General Mills offers a broad portfolio of products to meet changing consumer needs and preferences, lifestyles and occasions.

CONSUMERS



General Mills product lines are continuously improved and expanded to contribute to the health and wellness of our consumers.

Many of our products offer specific health benefits as part of a balanced and healthy lifestyle, such as reduced fat, cholesterol management and vitamin fortification, to name a few.

In late 2004, General Mills announced that all of our Big G cereals would be made with whole grain. Whole grains have been found to reduce the incidence of heart disease, diabetes, obesity and certain cancers.

A major area of focus for our new product innovation is to develop and deliver health and nutritional options for consumers. Making all General Mills ready-to-eat cereals whole grain is an example of this focus. Other efforts include providing portion control, adding soy protein or reducing calories.

As we develop products to create options for consumers, we will continue to communicate their benefits and attributes. We fully support the principles of the Child Advertising Review Unit of the U.S. Better Business Bureau and adhere to those principles in our advertising. And, we do not market in K-12 schools. We limit our activity in schools to the Box Tops for Education program (controlled by parents and school administrators) and the sale of General Mills products through foodservice distributors.

We recognize the increasing concern many have about their health and weight. Obesity is an increasing health risk around the world. While individual consumer behaviors hold the key to lowering the incidence of obesity, we believe the food industry can and should help consumers address this problem.

We believe that obesity must be addressed through balance (in foods consumed), moderation (in caloric

CONSUMERS



General Mills products can fit in a balanced diet and healthy lifestyle.

intake) and exercise (to help burn and offset calories consumed). This approach of balance, moderation and exercise is the cornerstone of our actions as a company.

At General Mills:

- Our portfolio of products can fit in a balanced diet and healthy lifestyle. We offer consumers a broad array of choices to fit their lifestyle or dietary needs.
- We continue to introduce new products that can help consumers manage their mealtime and dietary choices.
- We clearly identify the nutritional makeup of our products and, when appropriate, flag particular benefits or ingredients.
- We communicate the attributes and benefits of our products in all marketing channels and applications.
- We support specific, targeted nutrition education and research to better understand and address nutrition and health issues, such as obesity.
- We fund programs that support youth nutrition and fitness.

In December 2004, we announced the introduction of Brand New You, a program designed to help consumers eat healthier in order to manage weight. This free program offers a body mass index evaluation and customized menus and recipe ideas developed by our Bell Institute of Health and Nutrition. And our new Health and Wellness Web site provides a single source for healthy eating ideas, recipes and nutrition information.

CONSUMERS

BELL INSTITUTE OF HEALTH AND NUTRITION

General Mills' Bell Institute of Health and Nutrition reflects the company's ongoing commitment to health and nutrition issues. The mission of the Bell Institute and its staff of doctorate- and master-level scientists and registered dietitians is to help in the development of food products and nutrition information.



Bell Institute of
Health and Nutrition
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GENERAL MILLS

With backgrounds in nutrition science, public health, clinical nutrition and food science, Bell Institute experts are a valuable resource for the business teams at General Mills, as well as for health professionals around the country. Scientists in the Bell Institute contribute to research on whole grains, micronutrients and breakfast, and publish research and scientific articles in leading peer-reviewed journals.

We also support, through our sponsorship of leadership events, symposia and educational sessions, over 50 national and regional health professional organizations, including the American Dietetic Association, the American Academy of Physician Assistants, and the American Academy of Family Physicians.

General Mills is proud to have consistently supported key public health initiatives. For example, General Mills enriches most of its grain products with folic acid – a public health initiative that has led to a 16 percent reduction in neural tube birth defects in the United States. We support the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in the United States by providing free educational resources to WIC nutrition clinics. When the Dietary Guidelines for Americans recommended consuming more whole grains, we created an educational resource on

CONSUMERS

the topic for health professionals, and we have reformulated many of our products to include whole grains. And, we often use our packaging to communicate public health messages, such as the USDA Food Guide, to our consumers.

The General Mills Bell Institute of Health and Nutrition and its employees have been honored with awards for excellence in corporate leadership and nutrition education; they include:

- The American Dietetic Association Foundation's Excellence in Nutrition Education Award in recognition of the General Mills Foundation's Champions Grant Program. (2004)
- The American Dietetic Association Foundation's Corporate Award, in recognition of our long history of support of their programs and projects. (2003)
- An award from the Healthy Mothers, Healthy Babies Coalition of Georgia, an advocacy group for the health of pregnant women, infants and children, which recognized our efforts to improve the health of mothers and babies through folic acid fortification of our products and our educational programs for both consumers and health professionals. (2003)
- The Minnesota Dietetic Association's Golden Apple Award for excellence in nutrition education and service to the profession of dietetics. (2003)

Find more information regarding the General Mills [Bell Institute of Health and Nutrition](#) and other company nutrition initiatives.

EMPLOYEES

One of General Mills' core values is a commitment to building an exceptional organization staffed with Championship People.



We work hard to attract and retain a diverse group of talented, committed professionals. We strive to create and maintain a work environment, benefit programs and policies that respect employees and allow them to lead fulfilling, rewarding, well-rounded lives. We also have developed many programs to promote our employees' health and safety.

To develop the capabilities needed to build Championship Brands, foster Championship Innovation and deliver Championship Performance – our other core values – General Mills supports and provides many opportunities for continuous personal growth. Our annual Performance Management and

EMPLOYEES



Open and candid communication is a top priority at General Mills.

Individual Development Planning processes provide focus to ongoing employee development. Additionally, job rotations, internal and external training programs, educational reimbursement and mentoring programs are available to many employees to supplement the training and development they receive on the job.

We foster a collaborative environment and place a priority on open and candid communication. Company meetings, held several times a year, are broadcast live on our company intranet to General Mills facilities, with videotaped copies available to employees unable to view the live broadcast. Businesses, functions and locations also hold regular communication meetings that enable employees to stay abreast of key business initiatives on an ongoing basis.

Our company intranet also provides access to support services. Human resources information and company policies are available online in most of our manufacturing plants and remote locations.

Our companywide e-mail newsletter delivers daily news about our company, competitors, customers, consumer trends and the issues facing our industry. Employees are able to provide feedback or comment through the newsletter and intranet.

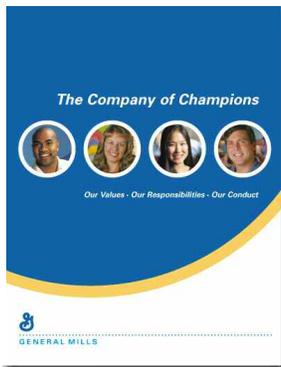
An employee climate survey is conducted every other year to capture and share the perspectives and feedback of employees regarding job satisfaction, work-life balance and other issues important to the company. We share the companywide results with employees and also break down and share the results of individual divisions, functions, departments and geographic locations.

EMPLOYEES

General Mills works actively to shape our culture as a dynamic, high-energy organization. People are excited by the challenges of working for an innovative industry leader and work hard to achieve company goals. Yet, at the same time, we do not lose sight of the importance of work-life balance and the quality of life outside of work.

We strongly believe that by maintaining a supportive and flexible work environment, the company will benefit through greater innovation, commitment, employee creativity and productivity. Summer hours, flex-time, part-time work, job sharing and telecommuting are available in many locations to help meet individual needs.

General Mills also provides a variety of convenient, high-quality on-site services at several company locations that are intended to enrich the quality of life for our employees. These services include medical staff to handle minor illnesses and injuries, prescription service, eye care, preventive dentistry, physical therapy, health assessment and consultation, and immunizations. Fitness facilities and wellness programs are available at many locations. In addition, we have progressive programs to assist with a variety of family situations, such as illness, childbirth, adoption and military leave.



General Mills publishes an ethical standards booklet in five languages.

CODE OF CONDUCT

General Mills employees have a strong sense of honesty, integrity, accountability and responsibility. We publish and distribute to all employees a code of conduct booklet detailing the company's ethical standards. We also provide a Web site and a confidential, 24-hour toll-free ethics line for employees seeking advice or wishing to report a

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questionable situation on an identified or anonymous basis. Our Code of Conduct booklet is published in five languages.

At General Mills, we all have the responsibility to promote, and specifically senior management and financial officers have a responsibility to ensure:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Fair and accurate accounting, financial reporting practices and recordkeeping.
- Full, fair, accurate, timely and understandable disclosure in U.S. Securities and Exchange Commission reports and other public communications made by the company.
- Compliance with applicable governmental laws, rules and regulations.
- Prompt internal reporting of violations of our Code of Conduct to appropriate people.
- Accountability for adherence to our Code of Conduct.

Amendments to our Code of Conduct may be made only by the board of directors.



Work force diversity fosters fresh thinking to improve our products and meet changing consumer tastes.

DIVERSITY

At General Mills, we value the diversity of our work force as part of our overall business strategy.

We understand that our products must appeal to a wide variety of tastes and needs. We believe that work force diversity fosters fresh perspectives and ideas to improve our products and services to meet changing consumer tastes.

EMPLOYEES

We value the many ways in which people may differ, whether it's gender, race, nationality, education, sexual orientation, religion, lifestyle or political persuasion. We feel strongly that the things that make us unique as individuals also make us more valuable. Every day, we see the power of different viewpoints at work.

For many years, General Mills has placed great priority on hiring, retaining and promoting women and minorities. At the end of fiscal year 2004, 22 percent of General Mills U.S. employees were minorities, and 39 percent were women. We have also established specific targets for advancement of women and minority employees within the company. We are pleased to report that in fiscal 2004, women held 27 percent of General Mills corporate officer positions, and minorities held 11 percent. We have set our future goals higher.

General Mills supports seven employee networks through which employees celebrate and share their viewpoints with the rest of the company. Based at the World Headquarters, they include the American Indian Council; the Asian American Employee network; Betty's Family, a network for gay, lesbian, bisexual and transgender employees and supporters; the Black Champions Network; the Hispanic Employee network; the South Asian American Employee network; and the Women's Leadership Forum.

We also provide a mentoring program for minority employees, pairing them with senior-level managers and executives to improve communication and understanding at all levels of our organization.

These organizations and the varied viewpoints they foster help make General Mills a great place to work for everyone. Network members share insights, help

EMPLOYEES



Our health and wellness programs help employees maintain a healthy lifestyle.



General Mills offers fitness facilities at several locations.

in recruiting and retaining employees, and give input regarding culture-building initiatives and the broader organizational climate.

EMPLOYEE HEALTH

General Mills promotes the highest level of health and well-being for its employees. The company offers a broad spectrum of health education and wellness programs, preventive care, and medical treatment.

“Total You” is General Mills’ voluntary interactive health and wellness program available to North American employees through the General Mills intranet. It promotes awareness of good physical, social and mental well-being to employees and their families. Total You helps employees evaluate their current health and lifestyle and offers suggestions to improve or maintain a healthy lifestyle. Each month a new topic is highlighted and communicated using online resources.

General Mills also has created a partnership with the highly respected Mayo Clinic in Minnesota to provide access to health management resources for North American employees. This allows employees to receive personalized health risk assessments with recommendations for improving their health status.

The company promotes several wellness initiatives, including smoking cessation, weight management, stress reduction and healthy heart care. In addition, several company facilities have on-site fitness centers, while others subsidize memberships at local health clubs.

Many locations also have implemented programs designed to prevent off-the-job injuries and illnesses. These include blood pressure monitoring, cholesterol

EMPLOYEES

checks, influenza vaccinations, body mass index measurements, hearing exams and lung function tests. By emphasizing prevention, the company strives to reduce nonwork-related injuries and illnesses.

General Mills provides high-quality, convenient medical care to enhance the overall health of company employees. Minor injuries and illnesses can be treated on-site at most locations, and, when necessary, referrals are made to outside physicians and specialists.

EMPLOYEE SAFETY

The safety of our employees is a top priority for General Mills.

In addition to complying with government regulations around the world, General Mills also has established its own high standards and guidelines, including industry and company best practices, to provide a safe and healthy workplace. We operate and maintain equipment with workplace safety in mind, and conduct regular safety training programs to ensure that employees apply and follow proper safety procedures. Safe and healthy employees deliver better overall performance for our company and our shareholders.



The General Mills plant in Joplin, Mo., achieved a new plant safety record for the food industry, operating for 8.5 million hours without a lost-time accident.

We have well-established safety management systems that help us identify, track, report and promote workplace safety performance across all of our businesses.

We conduct comprehensive audits for all General Mills manufacturing facilities. Our protocols, which are based on international management systems such as the OHSAS 18000 standard, complement the

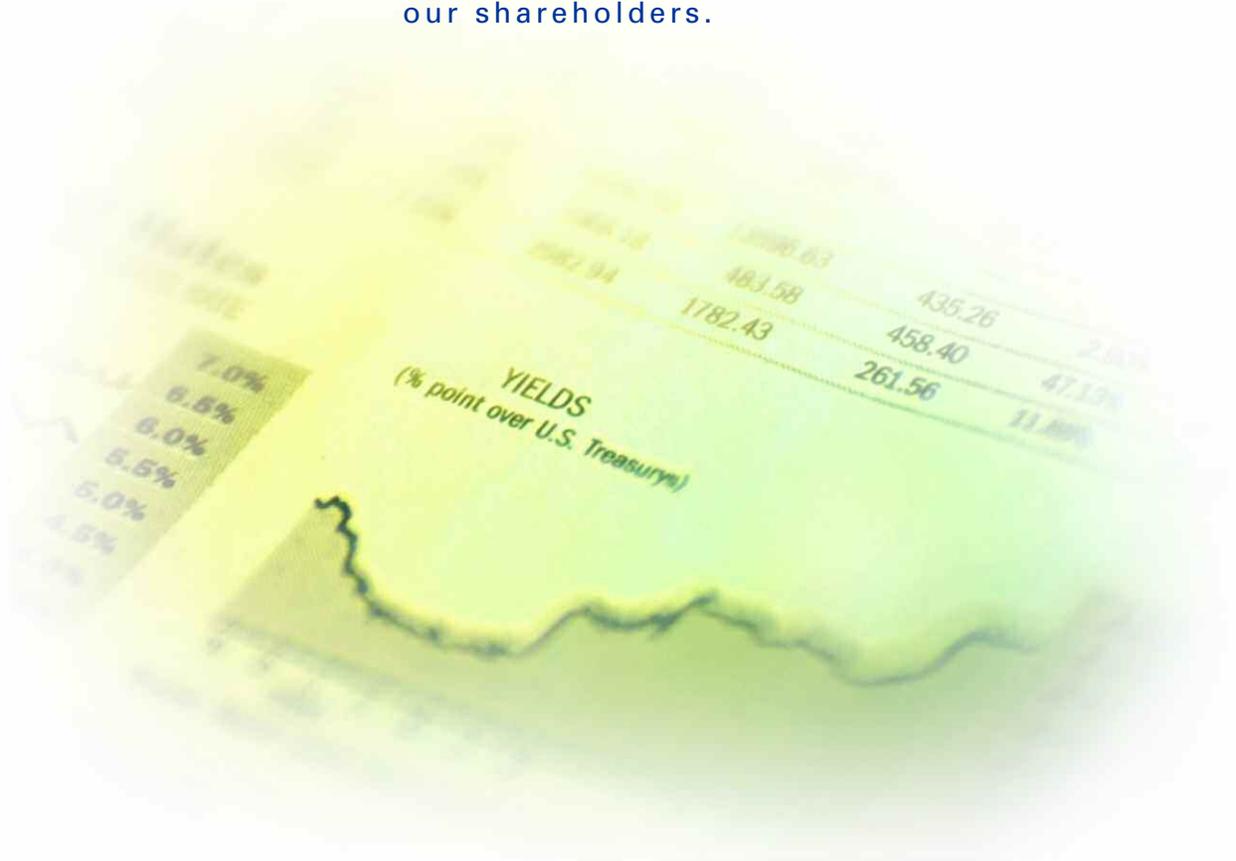
EMPLOYEES

compliance auditing program by establishing a baseline and a road map for sustaining our safety efforts.

The health and welfare of our employees is one of our primary concerns. General Mills continually works to reduce the frequency and severity of employee injuries. In addition to keeping employees safe, this helps us minimize time lost, reduce workers' compensation claims and reduce medical costs. In the last year, the injury rates across General Mills' North American locations dropped by over 20 percent. Through increased training and employee awareness, General Mills has reduced workplace injuries at our international facilities nearly 30 percent in the last year.

INVESTORS

As a publicly owned company, we are ultimately responsible to our shareholders.



Superior returns to investors result from superior performance. But over the long term, that performance cannot be sustained without strict corporate governance policies and the highest standards of ethics.

Since General Mills' incorporation in 1928, the growth of our stock price has outpaced the Dow Jones Industrial Average by almost three percentage points. In the 20 years through fiscal 2004, our returns kept pace with those of the Dow, and were more than a point and a half better than the S&P 500 Index. The Washburn Crosby Company, the predecessor to General Mills, began paying



INVESTORS

20-YEAR SHAREHOLDER RETURN

(compound growth rate, price appreciation plus dividends)
May 1984-May 2004



dividends in 1898, and the regular quarterly dividend has continued, without reduction or interruption, since that time.

We strive not only to meet our business objectives, but also to present ourselves clearly, representing our progress and growth in truthful, fair and accurate ways. We are committed to full and understandable disclosure in all reports and documents filed with the U.S. Securities and Exchange Commission and all other public communications. We communicate important news about General Mills on a rapid and current basis to protect the interests of investors, disclosing the same financial information simultaneously to all categories of investors. We also respond directly to [shareholder requests](#) online or through our toll-free phone number in the United States: 1-800-245-5703.

As a corporation, General Mills' primary objective is to make a profit. We believe that the best way to sustain profitability is to strike a balance that serves and advances all of our stakeholders.

Detailed financial information is available in our [annual report](#).

CORPORATE GOVERNANCE

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 the company and ensure its long-term vitality for the benefit of stockholders.

Our [corporate governance principles](#) and practices have evolved over many years. The board's Corporate Governance Committee reviews them annually and, when appropriate, recommends changes to the board. The unchanging,

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fundamental premise of our principles, however, is the independent nature of the board and its overarching responsibility to our stockholders.

Board Independence and Composition

General Mills believes that a substantial majority of its board members should be independent, non-employee directors. The board has adopted criteria for independence based on those established by the New York Stock Exchange. Director affiliations and transactions are regularly reviewed to ensure there are no conflicts or relationships with the company that might impair a director's independence from the company and management.

All board committees, except the Executive Committee, are composed entirely of independent, outside directors, and all directors stand for re-election annually.

We also value diversity on our board of directors. As of the writing of this report, General Mills had four women and two minority directors on its 13-member board.

Board Performance and Operations

Board meetings and background materials sent to directors focus on the company's key strategic, leadership and performance issues.

Board committee responsibilities are detailed in their charters, and reports of committee meetings are given to the full board, which acts on their recommendations. Board and committee self-evaluations are conducted annually.

Director Code of Conduct

All directors are governed by the company's Director Code of Conduct. The Corporate Governance

INVESTORS

Committee of the board ensures compliance with the Director Code.

Management Governance and Compliance Systems

General Mills is firmly committed to integrity in its financial reporting and control activities. The Employee Code of Conduct establishes our high expectations and standards of ethical behavior in the workplace and particularly in the area of financial reporting and control. The company employs a comprehensive internal control framework that includes definitive policies and procedures, effective internal control standards, and regular monitoring and auditing activities to ensure our business is appropriately controlled and our financial reporting complies with all regulatory standards.

Our management assertions regarding the integrity of our financial reports and internal control systems are supported by a rigorous and regular testing process across all of our financial reporting activities with further testing and review by our internal audit function and our external auditors.

All employees are provided an Employee Code of Conduct that contains the company's expectations for ethical behavior and our internal communications process to report any potential conflicts with the Code. Additionally, a broad group of management level personnel are required to certify compliance with the key corporate policies annually.

The Audit Committee of the board of directors receives regular updates on our financial reporting and control activities. The Audit Committee also reviews the company's actions in the area of risk management and broader compliance activities.

COMMUNITY

At General Mills, we are champions for a stronger community.



We strive to build and strengthen the communities in which we live and work. We encourage our employees to become active in their communities. We seek to positively impact not just the immediate community, but also the broader surrounding community as a responsible corporate citizen.

Strong, healthy communities produce strong, healthy businesses. All of our community involvement activities and programs are part of our

COMMUNITY



Community**Action**

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GENERAL MILLS

Community Action function, which serves as a catalyst for community progress. Community Action works with many local groups to address societal needs with breakthrough ideas, championship people and financial resources.

General Mills has established a wide variety of outreach programs in the United States, and we are working to increase our involvement internationally. We work through a variety of groups and initiatives, such as the United Way, America's Second Harvest and the General Mills Champions program, to support and improve communities nationwide where General Mills facilities are located.

In the last year alone, General Mills and the General Mills Foundation contributed over \$86 million in cash and in-kind donations to fight hunger, strengthen youth nutrition and fitness, and support our schools and social services. Our contributions also advance the arts to build and strengthen the culture of our communities.

GENERAL MILLS FOUNDATION

For over 50 years, the General Mills Foundation has supported nonprofit organizations in the Twin Cities of Minneapolis and St. Paul and in other U.S. communities where our manufacturing facilities are located. The Foundation makes grants in the areas of youth nutrition and fitness, social services, education, and arts and culture. View a complete listing of our [Foundation grants](#).

United Way agencies across North America count on General Mills to step up and lead the way in corporate giving. U.S. employee and retiree contributions are matched dollar-for-dollar by the General Mills Foundation.

COMMUNITY

In fiscal 2004, the General Mills Foundation and its employees and retirees contributed almost \$10 million to United Way campaigns in General Mills locations across the United States and Canada. For the third year in a row, General Mills was the largest contributor to the Greater Twin Cities United Way campaign with a gift of nearly \$6 million.

We also set the pace in supporting education, arts and culture, with a dollar-for-dollar match of employee and retiree contributions in these areas. Last year, the General Mills Foundation matched gifts of nearly \$2 million to employee-supported accredited schools, colleges and arts and cultural organizations. The Foundation also funds scholarships to encourage the pursuit of post-secondary education. Over the past 10 years, General Mills and its foundation have contributed over \$10 million toward scholarships and scholarship programs.

The Foundation recently introduced the Celebrating Communities of Color grants. The new \$500,000 initiative awards grants to 50 nonprofit groups in the Twin Cities that work with new immigrants and other communities of color.

In total, General Mills and its foundation have contributed more than \$450 million to build and support our communities over the past 10 years.

INTERNATIONAL GIVING

General Mills initiated an international giving strategy in fiscal year 2004. Our objective with this initiative is to support key international General Mills communities through focused financial support. Locations are prioritized based on a variety of factors, including strategic importance, community need, employee leadership, local philanthropic practices and international leadership guidance.

COMMUNITY

In China, General Mills donated a total of \$100,000 to the cities of Shanghai, Guangzhou and Beijing to help in their efforts to reduce the spread of the SARS virus in 2003.

In fiscal 2004, we contributed \$100,000 in Canada for “activ8,” a youth, nutrition and fitness initiative. An additional \$48,000 was contributed to support education and social service projects in the Philippines, Argentina and South Africa.

To assist those affected by the December 2004 tsunami, the General Mills Foundation pledged \$1 million in aid. Three-quarters of the donation was directed to key organizations including the His Majesty the King of Thailand Foundation, the Prime Minister’s National Relief Fund of India, the American Red Cross and UNICEF. The company also pledged to match employee donations to the Red Cross up to \$250,000.

In addition, business groups and employees in the region stepped in with other forms of assistance. General Mills India, for example, donated staples such as flour to 10,000 families and worked with local agencies to provide 1,000 kitchen kits. Several employees in southern India volunteered to work in the affected areas and were given fully paid leaves to carry out the work.



Over 70 percent of General Mills employees volunteer in their communities. Mentoring students is one way we give back to our communities.

VOLUNTEERISM

Over 70 percent of General Mills U.S. employees are active as volunteers in their communities. General Mills employee and retiree volunteers mentor schoolchildren one-on-one, helping them improve their reading and math skills. They offer their marketing, financial and other professional skills to numerous nonprofit agencies. They help build homes

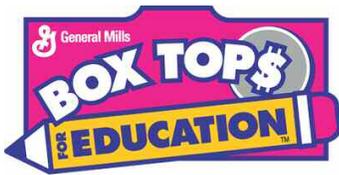
COMMUNITY

for low-income homebuyers or deliver meals to the elderly. Our employees and retirees demonstrate their personal commitment by freely giving of their time and talents as volunteers to help make our communities better places to live and work.

BRAND PHILANTHROPY

Many General Mills brands have become almost synonymous with important causes close to the hearts of people everywhere.

The General Mills Box Tops for Education program, for example, reached a milestone this year with its 1 billionth redeemed box top. Since 1996, America's schools have earned more than \$120 million for computers, playground equipment, textbooks, classroom materials and other needs by collecting Box Tops coupons from General Mills products. More than 81,000 K-8 schools are enrolled in the program.



General Mills' Yoplait brand continues to be a steadfast supporter of women's health and wellness issues as National Presenting Sponsor of the Susan G. Komen Breast Cancer Foundation's Race for the Cure events all across the United States, as well as through Yoplait's popular Save Lids to Save Lives program. Through its support of these and other initiatives, Yoplait USA and General Mills have contributed more than \$12 million over the last six years to support breast cancer research and education.

Cheerios supports childhood literacy with its Spoonfuls of Stories program in the United States. Since 2003, the brand has given away more than 10 million children's books inside boxes of Cheerios and donated \$1 million to First Book, a nonprofit organization that puts new books in the hands of children from low-income families.

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“A Healthy BET” is a new initiative that teams Honey Nut Cheerios, Chex cereals and the General Mills Foundation with the Black Entertainment Television Foundation to help African-American women eat healthy and stay physically active.

NUTRITION AND FITNESS PROGRAMS

Thousands of children across the United States and Canada are getting help to develop the skills they need to maintain a healthy balance of nutrition and fitness throughout their lives through a variety of successful programs.



The General Mills Champions initiative supports innovative programs that encourage a balance of nutrition and fitness in children.

The General Mills Champions program was launched in 2002 by the General Mills Foundation. Each year, the Foundation awards \$500,000 in grants to support innovative programs across the United States that instill good dietary and fitness habits in our young people. Our partners in this initiative are the American Dietetic Association and the President’s Challenge.

As a component of the program, General Mills Champions sponsored 24,000 kids in Minneapolis Public Schools who took part in the Presidential Active Lifestyle Award program by committing to 60 minutes of exercise five days a week for almost two months. This year, we will expand that sponsorship to additional schools across America.

In a similar program, General Mills Canada and Active Healthy Kids Canada have together launched a school-based physical activity challenge program, which is to be targeted to more than one million students in over 4,000 schools across Canada.

FOOD DONATIONS

As one of the world’s leading food companies, we are proud to be a leader in the fight against hunger.

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Each and every day across America, General Mills donates the equivalent of more than three semi-trailer truckloads of food to America's Second Harvest network, the largest hunger relief organization in the United States. In fiscal 2004, we contributed \$22 million of food products to help meet the needs of more than 200 food banks serving more than 60,000 charities.

DIRECT SOCIAL INVESTMENT

In addition to charitable giving, General Mills also lends executive time and expertise to address local social issues.

Seven years ago General Mills initiated the Hawthorne Huddle to help a blighted urban Minneapolis neighborhood become a safer place for families. The Hawthorne Huddle is a monthly meeting that brings together community residents, educators, law enforcement, faith leaders and elected officials to address concerns in what was once a troubled community. The Huddle provides a forum for discussing issues and identifying solutions for the community. Early statistics showed that crime in the neighborhood decreased more than 30 percent. The General Mills Foundation is proud to have committed \$3 million toward new housing in the Hawthorne neighborhood, which is also home to a new community public school.

In fiscal 2003, Harvard Business School published a case study analyzing General Mills' role in the Hawthorne Huddle as a model for corporate citizenship and direct social investment in engaging and building local communities.



General Mills initiated the Hawthorne Huddle, which reduced crime in an urban neighborhood by 30 percent.

COMMUNITY

SUPPORT FOR MINORITY-OWNED BUSINESSES

We recognize that minority- and women-owned businesses are critically important to our business and to the future of our broader economy. By forging and cultivating lasting relationships with a diverse supplier base, we open new avenues of opportunity and promote mutually beneficial growth.

In 2004, General Mills purchased \$318 million worth of goods and services from women- and minority-owned businesses. For 2005, our corporate goal is \$345 million.

GOVERNMENT RELATIONS

As a corporate citizen, we also feel we have a responsibility to engage in ongoing dialog with policy-makers and governments on issues where we have a clear and relevant perspective. As laws and regulations are developed, we are proud to lend our voice to the collective debate – and we encourage all stakeholders to do the same. We believe that good-faith collaboration can result in better policies that reflect the underlying principles of democratic and representative government.

ENVIRONMENTAL STEWARDSHIP

General Mills strives to be environmentally responsible in all of our activities and in every aspect of our business.

We have a responsibility to operate our business within the environmental regulatory requirements of the various countries, provinces, states and cities in which we live and work. Visit our [Health, Safety and Environment](#) Web site for further details on our environmental and safety efforts.

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We work to minimize any potential adverse impacts on the environment associated with our operations. Our facilities are designed to address environmental requirements and standards, including: reduction of water and energy usage; control of air emissions and wastewater discharges from production operations; proper management of hazardous materials, such as ammonia, chlorine and various cleaning agents; minimization of solid and hazardous waste generation; and the prevention of spills or releases.

General Mills develops internal standards and guidelines, reviews new capital projects to verify compliance with environmental requirements, conducts periodic regulatory compliance audits, and regularly works to ensure proper management of ongoing environmental obligations.

ENVIRONMENTAL MANAGEMENT SYSTEMS

We operate in an environmentally responsible way and are committed to supporting environmental sustainability. We have established and implemented environmental management systems, designed to identify, track and report on key environmental parameters for each manufacturing location.

ENVIRONMENTAL AUDIT

General Mills performs comprehensive environmental compliance audits on a regular basis at all of our facilities. All audit findings and recommendations are then tracked to resolution. We also incorporate environmental management system assessments into our audits to provide environmental baselines and recommendations for improvement.

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WASTEWATER EFFLUENTS

We manage any wastewaters or effluents in a manner that does not adversely impact the ground, water or air. We do not allow the discharge of any untreated sanitary wastewater onto land or into surface waters at any of our locations, and we work with local authorities to comply with wastewater treatment requirements.

Our North American manufacturing facilities typically discharge wastewater to a publicly owned treatment works where it is treated prior to release to the environment. These plants are subject to permits or regulations that specify the quality parameters of the effluent.

General Mills' international locations discharge wastewaters in accordance with local and country standards that at a minimum meet, and sometimes exceed, comparable requirements in the United States.

The amount of effluent generated at all company locations is tracked and compared on a per unit basis. This allows the company to set water usage reduction targets and to identify impacts of various plant cleaning and sanitation programs.

AIR EMISSIONS

In the United States, air emissions are regulated by various government agencies that set regulatory standards. Our plants adhere to local, state and federal emissions regulations.

Our facilities in other parts of the world are also governed by air pollution regulations, although the approach may vary by country. Most facility air pollution permits are included within site operating licenses. These licenses can restrict the amount of particulate matter and combustion byproducts that

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Employees from the Midland, Ontario, plant have volunteered for many years to help reclaim marshlands at the Wye Marsh Wildlife Centre.

can be emitted. In many areas, these permits also enforce site boundary standards for odor and noise.

WATER

Water is critical to our manufacturing processes as an ingredient in many products, and used in cleaning to provide sanitary food processing facilities. We obtain water from reliable sources, use it efficiently, and set goals to reduce water usage where possible. We track the usage of water at each facility. This allows us to identify areas of high usage and target opportunities for water conservation. All incoming water is routinely tested for suitability, with treatment provided as necessary.

TRANSPORTATION

Our businesses strive to minimize the impact of transportation. We do this not only to reduce cost, but also to enhance logistics, mode of transport and vehicle efficiencies. All of these considerations can impact the efficiency of transport services and affect the air emissions and energy needs for these services.

PACKAGING

The integrity and safety of packaging is extremely important in food products. Our products and packaging are designed to minimize environmental impact whenever possible. Recycled or recyclable materials are used in packaging in accordance with food safety regulations where feasible.

General Mills has long focused on reducing packaging and solid waste. We began using recycled materials for the production of paperboard cartons in the 1930s. Today, we are among the largest users of recycled paper packaging in the United States.

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General Mills is one of the largest users of recycled packaging in the United States, a practice we began using in the 1930s.

Our facilities track the amount of packaging materials used on products sold, both in the direct packaging materials and also in secondary (or transport) packaging. Any packaging material received at processing facilities is also tracked to determine how it is disposed of or recycled. Additionally, we work with suppliers in minimizing the packaging they provide.

ENERGY

All General Mills locations have programs and systems in place to track energy usage. Studies are often undertaken to identify large or unusual energy uses to both reduce the energy being consumed and the cost of energy.

Each General Mills location has a program in place to ensure continuing awareness of energy use and conservation. Businesses and locations monitor their energy use and have established energy conservation targets.

GREENHOUSE GASES

Our businesses are aware of the potential impact of greenhouse gases and are addressing the reduction of these emissions by focusing on energy conservation efforts.

General Mills is a member of The Business Roundtable, a public policy advocacy organization of CEOs of leading U.S. corporations. We are participating in its Climate RESOLVE initiative, which reports annually the member companies' greenhouse gas emissions to the U.S. Department of Energy beginning in 2003.

Food processing operations are not typically large direct generators of carbon dioxide. The company has an internal task force to track and review these

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We continually look for ways to improve the safety and minimize the environmental impact of our manufacturing processes.

emissions, and to implement a cohesive program across our businesses. An energy usage tracking system has already been initiated, and other sources of carbon dioxide also will be analyzed as part of our Climate RESOLVE involvement.

OZONE DEPLETING SUBSTANCES

Ozone depleting substances are reported to be responsible for the reduction in the protective layer of ozone surrounding the earth. Typically, these are chlorofluorocarbons (CFC) and hydro-chlorofluorocarbons (HCFC). Historically, these chemicals were used as coolants and refrigerants.

General Mills maintains internal guidelines and programs to reduce the release of ozone-depleting substances. It is also a company priority to re-engineer systems to replace the use of ozone-depleting substances.

Our U.S. operations have nearly eliminated all uses of CFC, and have established programs and made capital improvements to further eliminate our usage of HCFC. Any existing systems that contain these chemicals are closely monitored. General Mills' Bakeries & Foodservice division is a party to the U.S. EPA's voluntary reduction agreement within the baking industry. Our international facilities have eliminated all uses of CFCs and HCFCs.

HAZARDOUS MATERIALS

General Mills regularly reviews the need for hazardous materials, and their usage is monitored and controlled. Hazardous materials can include cleaners and sanitizers, refrigerants, pesticides and processing chemicals.

Historical pest control methods required a substantial use of hazardous materials. General Mills

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has been an industry leader in promoting the use of integrated pest management programs to control pests in crops, storage and food processing facilities while limiting the use of pesticides. General Mills developed the system of “degree growing days,” which became the cornerstone of modern integrated pest management. The company uses a combination of methods to control pests, including sanitation, gases such as carbon dioxide, and intense heating of plant facilities.

We have a pesticide monitoring program for both ingredients and food products, and work closely with suppliers to monitor pesticide use, analyze ingredients and eliminate pesticide residues.

General Mills has been a leader among large processed food companies in its effort to decrease the use of pesticides, and is a founding member of both the National Coalition for Integrated Pest Management and the National Integrated Pest Management Education Foundation. We continue to sponsor research on ways to reduce pesticide use in grain storage.

General Mills is a recognized supporter of the U.S. EPA’s Pesticide Environmental Stewardship Program (PESP). The company supports the National Potato Council’s partnership with EPA, helped to champion Integrated Pest Management (IPM) practices through potato processors in the Pacific Northwest, and sponsored research at Purdue University and Oklahoma State University to change the way grains are stored. Thorough cleaning of grain and control of the storage environment can help eliminate the need for post-harvest application of pesticides.

All General Mills organic products comply with organic guidelines, regulations and requirements regarding pesticide use.



General Mills was one of the first major food companies to introduce certified organic products to the marketplace.

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Each General Mills facility that uses hazardous materials conducts reviews, develops response plans, and implements training and communication programs for employees and their community in case of accidental release.

SUSTAINABLE DEVELOPMENT

The General Mills Sustainability Initiative is a companywide effort to responsibly manage the natural resource base that our business depends on.

As a leading consumer packaged foods company, we are committed to balancing our current and future resource needs with the natural resource requirements of future generations. We believe this effort will drive financial, strategic and competitive advantage.

Our principle approach to sustainability is to become more “eco-efficient” – producing more from less. Reducing waste and pollution, using less energy per unit of production, and using fewer material resources is not only beneficial to the environment, but it also makes great business sense. Taking a life cycle approach to products and the production process as a whole, we can produce great food products that meet consumer needs while understanding the social and environmental impacts.

We view environmental protection not only as our obligation, but also as an area of opportunity. As a result of this belief, we have begun a substantial effort to go beyond compliance in a number of key environmental areas. By measuring the environmental impact and building specific improvement plans, we can continue to move toward a more sustainable future.

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General Mills is fully committed to building environmental stewardship and excellence into our business strategy and our corporate culture. We believe that this approach expands our ability to create shareholder value.

Areas of focus include:

- Continually evaluating the total use of raw materials, fuels and utilities in production systems.
- Increasing energy efficiency across the corporation.
- Reducing or eliminating negative environmental impacts.
- Minimizing waste and use of hazardous materials.
- Maximizing use of renewable resources.
- Increasing reuse and recycling throughout the corporation

CORPORATE AWARDS

- 100 Best Companies to Work For, *Fortune*, 2005, 2004
- Most Admired Companies, *Fortune*, 2005, 2004
- 400 Best Big Companies, *Forbes*, 2004
- 100 Best Companies for Working Mothers, *Working Mother* magazine, 2004-1996
- Top 50 Companies for Diversity, Diversity, Inc., 2004
- 100 Best Corporate Citizens, *Business Ethics* magazine, 2004, 2003
- Top 30 Companies for Executive Women, National Association for Female Executives, 2004
- Top 100 Employers, *Black Collegian*, 2004
- 50 Best Companies for Latinas, *Latina Style* magazine, 2004, 2003, 2002, 2001
- 100 Best Places to Work in IT, *Computerworld* magazine, 2004, 2003, 2002
- Top 10 Places to Work for Women of Color, *Working Mother* magazine, 2004
- Top 50 Corporations for Multicultural Business Opportunities, Diversity Business.com, 2004
- 30 Great Places to Work, *Essence* magazine, 2004
- Workforce and Supplier Diversity, Diversity Best Practices, 2004
- United Way Summit Awards for Community Leadership and Employee Community Investment, United Way of America, 2004
- 100 Top Companies for Training, *Training* magazine, 2004
- America's Top Givers, *Business Week*, 2003
- Summit Award for Social Impact, Leeds School of Business at the University of Colorado at Boulder, 2003
- General Mills Champions Program recognition, American Society of Association Executives, 2003
- Top 100 Companies for Hispanics, *Hispanic* magazine, 2005, 2004, 2003, 2002, 2001, 2000