To Our Shareholders

Ken Powell
Chairman and Chief
Executive Officer

Fiscal 2010 was an exceptional year for General Mills. We achieved broad-based sales growth for our leading food brands in markets around the globe. Our earnings increased at a strong double-digit rate. And we made significant investments in product innovation, media support and selling capabilities that we believe will help drive continued growth for our company in 2011 and beyond.

Net sales grew 1 percent as reported. However, 2010 was a 52-week fiscal year compared to 53 weeks in fiscal 2009. We also divested some product lines in 2009. These differences reduced our 2010 sales growth by 3 percentage points. Segment operating profit grew 8 percent. And our earnings per share (EPS) rose 18 percent to $2.24. This EPS figure reflects the two-for-one split of General Mills stock with a record date of May 28, 2010. It also includes two items that affect the comparability of our results year-over-year. Those items were mark-to-market valuation of certain commodity positions and a tax charge taken in the fourth quarter to reflect the impact of recent federal health care legislation. Excluding these items, EPS was $2.30, up 16 percent from 2009 earnings of $1.99 per share excluding certain items affecting comparability. We believe this represents very strong financial performance in a challenging operating environment.

We recorded sales gains across our businesses. In our $10 billion U.S. Retail segment, every division increased sales, despite one less week in this year's results. In our Bakeries and Foodservice segment, reported sales declined due to the absence of product lines we divested and index pricing tied to wheat markets that were below prior-year levels. However, our sales grew in targeted foodservice channels, outpacing industry trends. And we posted good performance on a constant-currency basis across our international operations.

Broad-based Sales Growth

Operating Division/Segment	2010 Net Sales % Change (52 weeks compared to 53 weeks)
Snacks	+6
Big G Cereals	+5
International Segment*	+3
Small Planet Foods	+3
Yoplait	+2
Pillsbury USA	+1
Meals	+1
Baking Products	+0
Bakeries and Foodservice Segment	-14

*Does not include the impact of foreign currency translation. See page 87 of our 2010 Annual Report for discussion of non-GAAP measures.

We managed our input costs well, realizing a 3 percent decline in supply chain costs from the previous year's levels. In addition, we generated significant cost savings with our Holistic Margin Management (HMM) efforts. HMM is our companywide discipline to identify and eliminate costs in our businesses that don't add value for the consumer. These cost savings initiatives, together with strong plant performance and input cost deflation, resulted in significant gross margin expansion in 2010. Consequently, we were able to invest at above-planned levels in