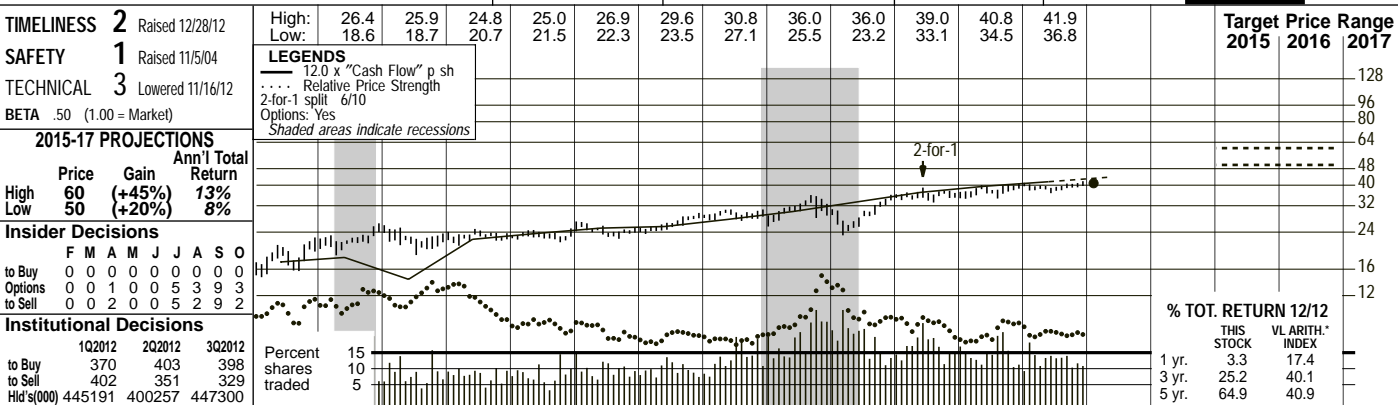


GENERAL MILLS NYSE-GIS

RECENT PRICE **40.82** P/E RATIO **15.3** (Trailing: 15.3; Median: 16.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **3.2%** VALUE LINE



| 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | © VALUE LINE PUB. LLC | 15-17 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|-----------------------------------|---------------|
| 8.52 | 8.77 | 9.74 | 10.27 | 11.75 | 12.41 | 10.83 | 14.20 | 14.60 | 15.24 | 16.35 | 18.30 | 20.23 | 22.40 | 22.54 | 23.08 | 25.69 | 27.40 | Sales per sh ^A | 33.50 |
| 1.04 | 1.03 | 1.16 | 1.25 | 1.44 | 1.52 | 1.19 | 1.85 | 1.97 | 2.09 | 2.13 | 2.30 | 2.50 | 2.78 | 3.09 | 3.30 | 3.47 | 3.65 | "Cash Flow" per sh | 4.80 |
| .75 | .75 | .81 | .90 | 1.00 | 1.10 | .85 | 1.33 | 1.43 | 1.37 | 1.45 | 1.59 | 1.76 | 1.99 | 2.30 | 2.48 | 2.56 | 2.67 | Earnings per sh ^{A B} | 3.50 |
| .48 | .51 | .53 | .54 | .55 | .55 | .55 | .55 | .55 | .62 | .67 | .72 | .79 | .86 | .96 | 1.12 | 1.22 | 1.32 | Div'ds Decl'd per sh ^C | 1.65 |
| .27 | .32 | .31 | .46 | .47 | .54 | .69 | .96 | .83 | .56 | .51 | .68 | .77 | .86 | .99 | 1.01 | 1.04 | 1.10 | Cap'l Spending per sh | 1.25 |
| .48 | .77 | .31 | .27 | d.51 | .09 | 4.87 | 5.64 | 6.92 | 7.69 | 8.11 | 7.82 | 9.21 | 7.89 | 8.23 | 9.87 | 9.90 | 10.35 | Book Value per sh ^D | 12.95 |
| 636.00 | 639.60 | 619.20 | 608.00 | 570.00 | 570.40 | 734.00 | 740.00 | 758.00 | 738.00 | 712.00 | 680.00 | 675.00 | 656.00 | 656.50 | 644.80 | 648.50 | 640.00 | Common Shs Outst'g ^F | 600.00 |
| 18.5 | 20.1 | 21.8 | 20.4 | 19.0 | 17.9 | 27.2 | 16.6 | 16.2 | 17.5 | 16.8 | 17.6 | 16.5 | 15.2 | 14.3 | 14.7 | 15.1 | | Avg Ann'l P/E Ratio | 16.0 |
| 1.16 | 1.16 | 1.13 | 1.16 | 1.24 | .92 | 1.49 | .95 | .86 | .93 | .91 | .93 | .99 | 1.01 | .91 | .93 | .96 | | Relative P/E Ratio | 1.05 |
| 3.4% | 3.4% | 3.0% | 2.9% | 2.9% | 2.8% | 2.4% | 2.5% | 2.4% | 2.6% | 2.8% | 2.6% | 2.7% | 2.9% | 2.9% | 3.1% | 3.2% | | Avg Ann'l Div'd Yield | 2.9% |

| CAPITAL STRUCTURE as of 11/25/12 | | 7949.0 | 10506 | 11070 | 11244 | 11640 | 12442 | 13652 | 14691 | 14796 | 14880 | 16658 | 17525 | Sales (\$mill) ^A | 20100 |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|-----------------------------|--------------|
| Total Debt \$8332.6 mill. Due in 5 Yrs \$4780.5 mill. | | 19.7% | 22.5% | 22.4% | 21.7% | 20.8% | 19.9% | 19.3% | 18.9% | 21.0% | 20.8% | 19.5% | 19.6% | Operating Margin | 21.0% |
| LT Debt \$5571.9 mill. LT Interest \$300.0 mill. | | 296.0 | 365.0 | 399.0 | 443.0 | 424.0 | 418.0 | 459.2 | 453.6 | 457.1 | 472.6 | 541.5 | 570 | Depreciation (\$mill) | 650 |
| (Total interest coverage: 8.5x) (45% of Cap'l) | | 581.0 | 1002.0 | 1094.0 | 1100.0 | 1090.0 | 1144.0 | 1228.7 | 1366.9 | 1571.5 | 1652.0 | 1707.3 | 1775 | Net Profit (\$mill) | 2225 |
| Leases, Uncapitalized Annual rentals \$337.7 mill. | | 36.1% | 35.0% | 35.0% | 34.2% | 34.5% | 34.3% | 36.1% | 33.8% | 34.3% | 31.6% | 30.2% | 31.0% | Income Tax Rate | 33.0% |
| Plan Assets-5/12 \$4.4 bill. Oblig. \$5.0 bill. | | 7.3% | 9.5% | 9.9% | 9.8% | 9.4% | 9.2% | 9.0% | 9.3% | 10.6% | 11.1% | 10.2% | 10.1% | Net Profit Margin | 11.1% |
| Pfd Stock None | | d2310 | d265.0 | 458.0 | d1129 | d2962 | d2791 | d1236 | d71.1 | d289.1 | 242.8 | d151.8 | d900 | Working Cap'l (\$mill) | 200 |
| Common Stock 646,595,998 shs. | | 5591.0 | 7516.0 | 7410.0 | 4255.0 | 2415.0 | 3218.0 | 4348.7 | 5754.8 | 5268.5 | 5542.5 | 6161.9 | 5500 | Long-Term Debt (\$mill) | 5150 |
| as of 12/7/12 | | 3576.0 | 4175.0 | 5248.0 | 5676.0 | 5710.2 | 5319.0 | 6215.8 | 5174.7 | 5402.9 | 6365.5 | 6421.7 | 6640 | Shr. Equity (\$mill) | 7760 |
| (Options exercisable: 6.7%) | | 7.8% | 10.4% | 10.7% | 13.0% | 14.8% | 14.7% | 13.3% | 13.8% | 16.2% | 15.3% | 14.9% | 16.0% | Return on Total Cap'l | 18.5% |
| MARKET CAP: \$26.4 billion (Large Cap) | | 16.2% | 24.0% | 20.8% | 19.4% | 18.9% | 21.5% | 19.8% | 26.4% | 29.1% | 26.0% | 26.6% | 26.5% | Return on Shr. Equity | 28.5% |
| CURRENT POSITION | | 6.2% | 14.3% | 13.0% | 11.3% | 10.5% | 12.0% | 11.2% | 15.2% | 17.2% | 14.5% | 14.1% | 13.5% | Retained to Com Eq | 15.0% |
| 2011 | | 62% | 41% | 38% | 42% | 44% | 44% | 43% | 42% | 41% | 44% | 47% | 49% | All Div'ds to Net Prof | 47% |

BUSINESS: General Mills, Inc. processes and markets consumer foods. Sales breakdown (excl. joint ventures): U.S. Retail, including cereals, U.S. Pillsbury, baking/snacks/yogurt, meals (63% of revenues); Int'l (25%); and Bakeries & Foodservice (12%). Well known brands: *Cheerios*, *Wheaties*, *Total*, *Chex*, *Betty Crocker*, *Bisquick*, *Hamburger Helper*, *Yoplait*, and *Progresso*. Acq'd. controlling interest in Yoplait, 7/11; Pillsbury, 11/01; Chex, 2/97. Owns 50% of Cereal Partners Worldwide with Nestle. Has 35,000 empys. Officers/directors own 1.4% of common stock; State Street Corp., 6.4% (8/12 proxy). Chairman & CEO: Kendall J. Powell, Inc.: DE. Address: Number One General Mills Blvd., Minneapolis, MN 55426. Tel.: 763-764-7600. Internet: www.generalmills.com.

General Mills posted better-than-expected results in the fiscal second quarter (ended November 25, 2012). There were a few factors behind the upside, most notably a significant contribution from businesses acquired in 2012. The new units accounted for four percentage points of the 6% growth in total sales. Also helping the bottom line—which came in at \$0.86 a share, excluding items reducing compatibility, versus our estimate of \$0.80 and the year-earlier tally of \$0.76—were income from joint ventures, a lower interest expense, and a reduction in spending on marketing and promotions.

But we still have our concerns about the remainder of fiscal 2013. Despite the aforementioned outperformance, we have only added \$0.02 to our full fiscal-year share-net estimate, which includes a likely year-over-year decline in the final period. The primary reason for our so-so outlook is the continued struggles of the company's Big G cereal, Yoplait yogurt, and Baking Products divisions. Sales in the company's flagship cereal unit fell 2% in the second quarter, hurt by an ultra competitive category and competition from other breakfast options. Too, the company's effort to gain market share in the yogurt category has proven challenging, as General Mills faces stiff competition in the emerging Greek yogurt category. Yoplait sales fell 5% in the November period, though it was an improvement from the 10% drop recorded in the initial quarter of fiscal 2013. Moreover, the company noted during its last conference call that inflation is now expected to be at the high end of its 2%-3% guidance range. Meanwhile . . .

General Mills remains aggressive on the product development front. It plans to unveil 100 products in fiscal 2013, including new flavors for a 100-calorie version of its *Yoplait* Greek yogurt. In the cereal category, it will introduce a "Medley Crunch" version of its biggest brand *Honey Nut Cheerios*. The company also plans to ramp up marketing and advertising spending behind the new products.

High-quality General Mills stock is ranked 2 (Above Average) for Timeliness. It also offers a nice dividend yield and total-return potential for conservative, income-oriented investors.

William G. Ferguson January 25, 2013

| Fiscal Year Ends | Aug.Per | Nov.Per | Feb.Per | May Per | Full Fiscal Year |
|------------------|---------|---------|-------------|-------------|------------------|
| 2009 | 3497 | 4011 | 3537 | 3646 | 14691 |
| 2010 | 3519 | 4078 | 3629 | 3570 | 14796 |
| 2011 | 3533 | 4066 | 3646 | 3635 | 14880 |
| 2012 | 3848 | 4624 | 4120 | 4066 | 16658 |
| 2013 | 4051 | 4882 | 4300 | 4292 | 17525 |

| Fiscal Year Ends | Aug.Per | Nov.Per | Feb.Per | May Per | Full Fiscal Year |
|------------------|---------|---------|------------|------------|------------------|
| 2009 | .48 | .68 | .40 | .43 | 1.99 |
| 2010 | .64 | .77 | .49 | .40 | 2.30 |
| 2011 | .64 | .76 | .56 | .52 | 2.48 |
| 2012 | .64 | .76 | .55 | .60 | 2.56 |
| 2013 | .66 | .86 | .59 | .56 | 2.67 |

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2009 | .215 | .215 | .235 | .235 | .90 |
| 2010 | .245 | .245 | .28 | .28 | 1.05 |
| 2011 | .28 | .28 | .305 | .305 | 1.17 |
| 2012 | .305 | .305 | .33 | .33 | 1.27 |
| 2013 | | | | | |

(A) Fiscal year ends last Sun. in May. (B) Primary eqs. through 1997, dil. thereafter. (C) Div'ds. historically paid in Feb, May, Aug., and Nov. (D) Div'd reinvest. plan available. (E) Includes intang. At 11/25/12: \$13.6 bill., \$20.51/sh. (F) Quarterly eqs. may not sum to total due to rounding/changes in shs. outstgd. (G) In mill., adj. for splits.

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Company's Financial Strength A+
Stock's Price Stability 100
Price Growth Persistence 55
Earnings Predictability 100

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